Northwest Special Recreation Association
Special Leisure Services Foundation

REQUEST FOR PROPOSALS FOR AUDITING SERVICES

The Northwest Special Recreation Association invites independent Certified Public Accountants licensed in the State of Illinois to submit proposals for auditing services for fiscal years ending December 31, 2019, 2020 and 2021 in accordance with the following requirements and specifications.

General Information

The Northwest Special Recreation Association (NWSRA) was formed in 1974 to provide recreation services to individuals with disabilities. NWSRA is comprised of 17 member park districts located in the northwest suburbs of Chicago.

Forty (40) full-time employees support the year round activities of NWSRA. NWSRA provides a variety of recreation programs throughout the year including bowling, swimming lessons, crafts, cooking, team sports, piano lessons and summer day camps.

NWSRA is housed on the second and third floor of the Park Central building at 3000 W. Central Road in Rolling Meadows, Illinois. NWSRA owns the space in a condominium with Rolling Meadows Park District.

The Special Leisure Services Foundation (SLSF) is the fundraising arm of the Northwest Special Recreation Association. SLSF exists to support and promote outstanding opportunities through recreation for people with disabilities in cooperation with the Northwest Special Recreation Association.

The Special Leisure Services Foundation is a not-for-profit, tax exempted organization that raises funds through individual and corporate donations, foundation grants, service clubs, and special events.

Scope of Audit

The two separate annual audits shall consist of an examination of the individual, combining, and combined financial statements conducted in accordance with generally accepted auditing standards. Included in this examination will be a review of NWSRA's and SLSF system of internal controls to ensure NWSRA employees practices effective control over revenues, expenditures, assets and liabilities.

The examination shall be sufficient in scope so as to enable the auditor to render an opinion on the fairness of the representations contained in the individual and combined balance sheets and related statements of revenue and expenditures, and changes in fund equity for the year then ended in accordance with generally accepted accounting principles for state and local governments. The audit document will also state that the auditor's opinion is unqualified.

The fund structure of NWSRA is as follows:

- General Fund

The fund structure for SLSF is as follows:

- Not-for-Profit Reporting

Nature of Services Required

The auditor shall prepare the following reports at the completion of NWSRA and SLSF audits:

1. Comprehensive Annual Financial Report (CAFR) on the examination of financial statements and records of NWSRA, including all funds and account groups, and in accordance with requirements set forth by GASB.
    a. All financial statements and notes to the financial statements.
    b. The statistical section of the CAFR and the appropriate schedules.
2. Annual Reports required in accordance with the provisions of the Single Audit Act.
3. NWSRA's document will also include the following information:
    a. Budgetary Comparison Schedules
    b. Schedules of Funding Progress
    c. Schedule of Risk Management
    d. List of all account balances at Fiscal-Year end.
4. Management letter for NWSRA containing comments and recommendations or improvements of accounting procedures and internal controls for NWSRA's consideration.
5. Comprehensive Annual Financial Report (CAFR) on the examination of financial statements and records of SLSF, including all funds and account groups in accordance with procedures for non profit reporting. The auditor will prepare all financial statements and notes to the financial statements.
6. The document submitted for SLSF will include:
    a. Statement of Activities-Combined Unrestricted and Temporary Restricted Budget (GAAP Basis) and Actual.
7. Management letter for SLSF containing comments and recommendations or improvements of accounting procedures and internal controls for SLSF's consideration.
8. In addition, the annual tax returns for the Special Leisure Services Foundation must be prepared including the following:
    a. Form 990 Federal corporate not-for-profit tax returns
    b. Form AG990 IL Illinois Charitable Organization Annual Report

NWSRA understands this may be a separate entity within your firm in order to maintain independence in the audit. Please indicate whether or not this is the case in your audit.

Draft Copies of the CAFR and management letters for NWSRA and SLSF are to be submitted to the Director prior to the final preparation of these reports. The target date for completion of the draft reports shall be ninety (90) days following the end of the fiscal year for which the audit has been conducted. Failure to meet the timetables for fieldwork and draft reports shall be considered grounds for not renewing this contract in subsequent years.

Prior to submitting a proposal, the Executive Director and/or Superintendent of Administrative Services will be available to meet with representatives of the auditing firms to clarify the answers to any questions regarding scope of the audit, current practices, the status of current NWSRA records or any other information contained in the Request for Proposals.

The audit should be completed in a professional and timely manner. It is expected that the final audit report will be available no later than April 30th each year.

NWSRA will require thirty (30) bound copies of the CAFR, ten (10) copies of the CAFR and ten (10) copies of the management letter.

SLSF will require thirty (30) bound copies of the CAFR, ten (10) copies of the management letter, and three (3) copies of the Form 990 Federal corporate not-for-profit tax returns and three (3) copies of the Form AG990 IL Illinois Charitable Organization Annual Report.

Audit work papers shall remain in the custody of the auditor. However, the Director, or his/her designee and succeeding independent auditors shall be given access to these work papers. These parties shall have the opportunity to request and copy such work papers pertaining to the audits covered by this proposal for a period of five years after each audit has been completed. Upon completion of the audit, the auditors shall provide to NWSRA and SLSF all audit adjustments including appropriate back-up documentation and will meet with NWSRA and SLSF employees to discuss these final adjustments, if necessary.

During and at the end of the audit engagement, the auditor will be required to meet with NWSRA employees and will be required to meet with NWSRA's Board of Directors and/or SLSF's Board of Trustees to answer questions regarding the completed audit and management letter, as necessary. The auditing firm shall also be available throughout the contracted period to answer questions as they may arise from NWSRA employee.

Accounting System and Basis of Accounting

NWSRA has implemented GASB 34 effective January 1, 2005. NWSRA uses a detailed line item budget for accounting, expenditure control and monitoring purposes. The legal level of budgetary control is at the fund level.

Requested Information

The proposals submitted should include the following specific information:

1. A general description of your firm's organization, experience, services and employees.
2. A statement of your firm's understanding of the work, a general description of the audit approach and a brief outline of procedures to be followed during the course of the engagement.
3. A list of current and former Illinois governmental clients and their current status with your firm. Included in this list should be contact names, telephone numbers and addresses, as this list will serve as potential client references.
4. Approximate date the audit will begin, including preliminary fieldwork, final fieldwork and an approximate date of delivery of the required reports.
5. An example of the most recent Illinois governmental audit report prepared by your firm, and a sample management letter written for an unidentified Illinois governmental client.
6. **In a separate sealed envelope clearly labeled with your firm's name,** the total all-inclusive maximum price for each of the three (3) years will contain all direct and indirect costs including all out-of pocket expenses. **The price sheet must contain separate price schedules for NWSRA's audit and SLSF's audit.** NWSRA will not be responsible for expenses incurred in preparing or submitting a firm's proposal. Such costs should not be included in the proposal. Included with this quote shall be a tentative schedule and estimate of employee hours by position, necessary to complete the engagement for the first fiscal year, with a breakdown of the hourly fees charged for each. Billing and payment terms should also be included.

Proposal Schedule

Request for Proposals Available	Monday, July 29, 2019
Deadline for Submission of Proposal	Friday, August 16, 2019
Tentative Award of Contract	October 2019

Evaluation of Proposals

The Executive Director and the Superintendent of Administrative Services will evaluate all proposal received. After review, NWSRA will recommend to the Board of Directors for approval of one firm to serve as auditor for the next three (3) fiscal years.

The recommendation for auditor selection will be based on the following criteria:

1. Firm's experience in governmental auditing, specifically of organizations similar to the Northwest Special Recreation Association and the Special Leisure Services Foundation.
2. Knowledge of governmental reporting.
3. Acceptability of the audit approach recommended by the proposing firm.
4. Understanding of the specific needs of NWSRA and SLSF as they relate to the audit engagement.
5. Qualifications and experience of the auditing firm and the individuals assigned to the engagement.
6. References from other local government entities.
7. Overall costs.
8. All Bank account year end totals listed in Final Audit report.

Part of the evaluation process may include personal interviews, if deemed necessary. The Northwest Special Recreation Association reserves the right to reject any and all proposals.

NWSRA may terminate the contract any time during the three years of the contract with ninety (90) days written notice.

Other Information

A full time Finance Manager oversees the accounting system at NWSRA. QuickBooks accounting software is used to track the finances. With this system, all transactions for all funds are recorded, including program registration, cash receipts, accounts payable, payroll and general ledger.

The Finance Manager shall be responsible for coordinating with the audit firm to expedite completion of the audit. **At a minimum**, no report is to be released without the review and approval of the Executive Director.

In an effort to contain costs, NWSRA will prepare as many audit worksheets and schedules as is practical to reduce clerical work to be performed by the audit firm. NWSRA employees will prepare trial balance, confirmation letters and other documents necessary for audit performance.

A draft confirmation letter shall be prepared by the auditor to assist NWSRA employees in producing the letters necessary for the performance of the audit.

Workspace will be provided convenient to the finance office. The audit firm is responsible for providing any office machines deemed necessary to complete the audit. The firm shall not utilize NWSRA space to perform work for other clients.

Auditors maybe awarded a proposal for up to two consecutive, three (3) year terms only, per NWSRA's policy.

Copies of the Northwest Special Recreation Association and Special Leisure Services Foundation audits for fiscal year ended December 31, 2018 are included for your information.

Submission of Proposal

All proposals must be submitted no later than Friday, August 16, 2019 at 12:30 p.m. to:

Darleen Negrillo, PHR, SHRM-CP
Superintendent of Administrative Services
Northwest Special Recreation Association
3000 W. Central Road, Suite 205
Rolling Meadows, IL 60008
(847) 392-2848
dnegrillo@nwsra.org

Two (2) copies of the proposal are required. Submittals will not be opened until after the final submission date.
If you have any questions, please contact Darleen Negrillo by e-mail or at the phone number listed above, or contact Miranda Woodard at (847) 392-2848 or email mwoodard@nwsra.org.

Accommodation Notice: The information and the enclosures can be made in an alternative format, within 48 hours notice. Please contact NWSRA at 847/392-2848 if an alternative format is required.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

April 9, 2019

Members of the Board of Trustees
Northwest Special Recreation Association
Rolling Meadows, Illinois

In planning and performing our audit of the basic financial statements of the governmental activities of the Northwest Special Recreation Association, Illinois, (Association) for the year ended December 31, 2018, we considered its internal control structure 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 structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit fieldwork progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Directors, management, and others within the organization.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Association personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the Association for the well-prepared audit package and we appreciate the courtesy and assistance given to us by the entire Association staff.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATION

1. **GASB STATEMENT NO. 74 FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS AND GASB STATEMENT NO. 75 ACCOUNTING AND FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Comment

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, *Financial Reporting for Post-Employment Benefits Plans Other Than Pension Plans*, which applies to individual postemployment benefit plans, and Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which applies to the state and local government employers that sponsor the plans. The Statements apply to the reporting of other post-employment benefits, including medical, dental, life, vision and other insurance coverages provided by the employer post-employment. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the other post-employment benefit plans, and specifically identify the methods and assumptions that are to be used in calculating and disclosing these OPEB accounts in the financial statements. The Statements also provide for additional note disclosures and required supplementary information and are intended to improve information provided by state and local government employers regarding financial support to their OPEB plans. GASB Statement No. 75 applies to the employer's reporting of other post-employment benefit plans and is applicable to the Association's financial statements for the year ended December 31, 2018.

Recommendation

We recommended that the Association reach out to the private pension actuary engaged to provide the OPEB actuarial calculations in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the Association to assist in the implementation process, including assistance in determining the implementation timeline with the Association and private actuary, providing all framework for the financial statements in order to complete the implementation, and assist in answering any questions or concerns the Association might have related to the implementation process or requirements.

Status

This comment has been implemented and will not be repeated in the future.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

INDEPENDENT AUDITORS' REPORT

April 9, 2019

Members of the Board of Trustees
Northwest Special Recreation Association
Rolling Meadows, Illinois

We have audited the accompanying financial statements of the Northwest Special Recreation Association, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Northwest Special Recreation Association, Illinois, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Special Recreation Association, Illinois' basic financial statements. The individual fund budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund budgetary comparison schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Northwest Special Recreation Association's ("Association") financial performance provides an overview of the Association's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Association's net position increased as a result of this year's operations by $236,079 or 4.7 percent.
- During the year, government-wide revenues totaled $5,543,295, while expenses totaled $5,307,216, resulting in the increase to net position of $236,079.
- The Association's net position totaled $5,279,996 at December 31, 2018, which included $3,753,922 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.
- At the fund level, a surplus was reported this year of $379,150, resulting in ending fund balance of $4,796,054, an increase of 8.6 percent.
- Beginning net position was restated due to the Association implementing GASB Statement No. 75.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 - 12) provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. Fund financial statements begin on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Association's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Association's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 9 - 12 of this report.

The Statement of Net Position reports information on all of the Association's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Association's member district assessments and the condition of the Association's capital assets, is needed to assess the overall health of the Association.

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Association is reported as one single governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Association's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. The Association adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 42 of this report.

USING THISNNUAL REPORT – Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Association's I.M.R.F. employee pension obligations, retiree benefit plan, and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 43 - 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Association, assets/deferred outflows exceeded liabilities/deferred inflows by $5,279,996.

	Net Position	
	2018	2017
Current Assets	$ 5,336,738	4,918,353
Capital Assets	1,526,074	1,557,644
Total Assets	6,862,812	6,475,997
Deferred Outflows	686,679	943,754
Total Assets/ Deferred Outflows	7,549,491	7,419,751
Long-Term Debt	667,971	1,222,671
Other Liabilities	569,317	519,023
Total Liabilities	1,237,288	1,741,694
Deferred Inflows	1,032,207	113,448
Total Liabilities/ Deferred Inflows	2,269,495	1,855,142
Net Position		
Net Investment in Capital Assets	1,526,074	1,557,644
Unrestricted	3,753,922	4,006,965
Total Net Position	5,279,996	5,564,609

A portion of the Association's net position, $1,526,074 or 28.9 percent, reflects its investment in capital assets (for example, building, building improvements, furniture and equipment, and vehicles). The Association uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

The remaining 71.1 percent, or $3,753,922, represents unrestricted net position and may be used to meet the Association's ongoing obligations to program participants and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	$ 794,137	653,761
Operating Grants/Contrib.	370,592	275,000
Capital Grants/Contrib.	59,158	-
General Revenues		
Member Contributions	4,235,180	4,152,137
Interest Income	84,228	35,086
Total Revenues	5,543,295	5,115,984
Expenses		
Special Recreation	5,307,216	4,728,260
Change in Net Position	236,079	387,724
Net Position - Beginning as Restated	5,043,917	5,176,885
Net Position - Ending	5,279,996	5,564,609

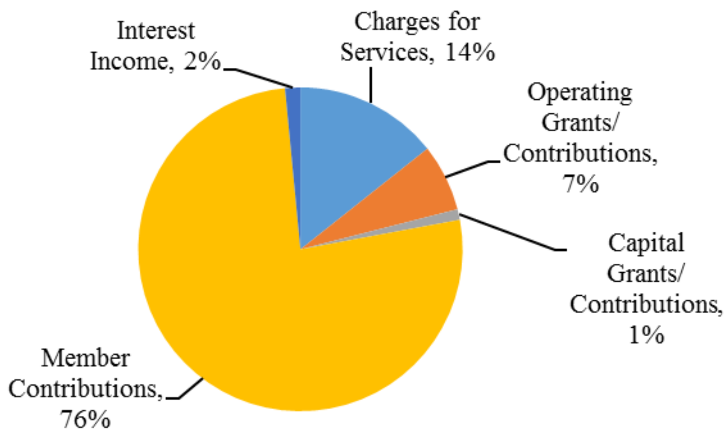
Net position of the Association increased by 4.7 percent ($5,043,917 restated in 2017 compared to $5,279,996 in 2018). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled $3,753,922 at December 31, 2018.

Revenues for 2018 totaled $5,543,295, while the cost of all programs totaled $5,307,216. This results in a surplus of $236,079. In 2017, revenues of $5,115,984 exceeded expenses of $4,728,260, resulting in a surplus of $387,724. The Association reported increases in charges for services and interest income for the year. Expenses for the 2018 fiscal year increased $578,956, due to the higher expenses related to IMRF net pension liability and total OPEB liability. Member contributions also increased $83,043 or 2.0 percent.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The following table graphically depicts the major revenue sources of the Association. It depicts very clearly the reliance on member contributions and program fees to fund programs. It also clearly identifies the less significant percentage the Association receives from interest earnings.

Revenues by Source - Governmental Activities



FINANCIAL ANALYSIS OF THE ASSOCIATION'S OPERATING FUND

As noted earlier, the Association uses a single governmental fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Association's operating fund reported ending fund balance of $4,796,054, which is $379,150, or 8.6 percent, higher than last year's total of $4,416,904. Of the $4,796,054 total, $1,800,228, or approximately 37.5 percent, of the fund balance constitutes unassigned fund balance.

The Association reported a positive change in fund balance for the year due to revenues coming in higher than expenditures in the current year. All expenditures came in below budget, except for program. The Association was able to control costs during the year. These numbers are further outlined on Schedule of Revenues, Expenditures and Changes in Fund Balance on page 47.

BUDGETARY HIGHLIGHTS

The Association made no budget amendments during the year. Actual revenues for the year totaled $5,484,137, compared to budgeted revenues of $5,392,328. Grants and Contributions and interest income came in above budgeted amounts of $36,592 and $50,366, respectively.

Actual expenditures for the year were $380,489 lower than budgeted ($5,104,987 actual compared to $5,485,476 budgeted) due primarily to administration and salary costs being lower than anticipated.

CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2018 was $1,526,074 (net of accumulated depreciation). This investment in capital assets includes building, building improvements, parking lot, furniture and equipment, and vehicles.

	Capital Assets - Net of Depreciation 2018	2017
Building	$ 684,918	705,038
Building Improvements	208,510	222,590
Parking Lot	30,336	33,922
Furniture and Equipment	245,467	209,169
Vehicles	356,843	386,925
Total	1,526,074	1,557,644

The Association had the following capital asset additions for the year:

Furniture and Equipment	$ 74,914
Vehicles	59,158
Total	134,072

Additional information on the Association's capital assets can be found in note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the Association was not aware of any existing circumstances that would adversely affect its financial health in the near future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Executive Director, 3000 W Central Road, Rolling Meadows, IL 60008.

BASIC FINANCIAL STATEMENTS

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Statement of Net Position
December 31, 2018

	Governmental Activities	Component Unit Special Leisure Services Foundation
ASSETS		
Current Assets		
Cash and Investments	$ 5,204,249	1,266,162
Receivables - Net of Allowances	61,667	8,653
Prepaids	70,822	1,677
Total Current Assets	5,336,738	1,276,492
Noncurrent Assets		
Capital Assets		
Depreciable Capital Assets	3,141,577	-
Accumulated Depreciation	(1,615,503)	-
Total Noncurrent Assets	1,526,074	-
Total Assets	6,862,812	1,276,492
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	686,679	-
Total Assets and Deferred Outlfows of Resources	7,549,491	1,276,492

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

	Governmental Activities	Component Unit Special Leisure Services Foundation
LIABILITIES		
Current Liabilities		
Accounts Payable	11,127	30
Accrued Payroll	128,246	-
Other Payables	401,311	-
Compensated Absences	28,633	-
Total Current Liabilities	569,317	30
Noncurrent Liabilities		
Compensated Absences	70,584	-
Net Pension Liability - IMRF	140,260	-
Total OPEB Liability - RBP	457,127	-
Total Noncurrent Liabilities	667,971	-
Total Liabilities	1,237,288	30
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	997,265	-
Deferred Items - RBP	34,942	-
Total Deferred Inflows of Resources	1,032,207	-
Total Liabilities and Deferred Inflows of Resources	2,269,495	30
NET POSITION		
Net Investment in Capital Assets	1,526,074	-
Temporarily Restricted	-	71,129
Unrestricted	3,753,922	1,205,333
Total Net Position	5,279,996	1,276,462

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Statement of Activities
For the Fiscal Year Ended December 31, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
Special Recreation	$ 5,307,216	794,137	370,592	59,158
Component Unit				
Special Leisure Services Foundation	1,176,540	321,772	646,332	-

General Revenues
Member Contributions
Interest Income

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses)/ Revenues	Component Unit Special Leisure Services Foundation
(4,083,329)	-
-	(208,436)
4,235,180	-
84,228	(33,657)
4,319,408	(33,657)
236,079	(242,093)
5,043,917	1,518,555
5,279,996	1,276,462

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Balance Sheet - Governmental Fund
December 31, 2018

ASSETS	
Cash and Investments	$ 5,204,249
Receivables - Net of Allowances	
Accounts	61,667
Prepaids	70,822
Total Assets	5,336,738
LIABILITIES	
Accounts Payable	11,127
Accrued Payroll	128,246
Other Payables	401,311
Total Liabilities	540,684
FUND BALANCES	
Nonspendable	70,822
Assigned	2,742,738
Committed	182,266
Unassigned	1,800,228
Total Fund Balances	4,796,054
Total Liabilities and Fund Balances	5,336,738

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances	$ 4,796,054
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,526,074
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(310,586)
Deferred Items - RBP	(34,942)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(99,217)
Net Pension Liability - IMRF	(140,260)
Total OPEB Liability - RBP	(457,127)
Net Position of Governmental Activities	5,279,996

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Fiscal Year Ended December 31, 2018

Revenues	
Member Contributions	$ 4,235,180
Program	794,137
Grants and Contributions	370,592
Interest Income	84,228
Total Revenues	5,484,137
Expenditures	
Special Recreation	
Administration	836,192
Program	693,831
Salary	2,540,695
Liability/Audit/IMRF	553,124
ADA Compliance	427,626
Capital Outlay	53,519
Total Expenditures	5,104,987
Net Change in Fund Balance	379,150
Fund Balance - Beginning	4,416,904
Fund Balance - Ending	4,796,054

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

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds	$ 379,150
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	74,914
Capital Outlays - Capital Contributions	59,158
Depreciation Expense	(165,642)
Disposals - Cost	(4,350)
Disposals - Accumulated Depreciation	4,350
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(1,140,892)
Change in Deferred Items - RBP	(34,942)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Additions to Compensated Absences	(10,529)
Deductions to Net Pension Liability - IMRF	1,011,297
Deductions to Total OPEB Liability - RBP	63,565
Change in Net Position of Governmental Activities	236,079

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Association's accounting policies established in GAAP and used by the Association are described below.

REPORTING ENTITY

In determining the financial reporting entity, the Association complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Association.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

Special Leisure Services Foundation.

The Special Leisure Services Foundation (the Foundation) is being reported as a discretely presented component unit of the Association as it is legally separate from the Association. Separate financial statements of the Association are available by contacting the Administrative Office of the Northwest Special Recreation Association, 3000 W Central Road, Rolling Meadows, IL 60008.

BASIS OF PRESENTATION

Government-Wide Statements

The Association's basic financial statements include both government-wide (reporting the Association as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Association are reported as governmental activities.

In the Statement of Net Position, the Association's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets, deferred outflows and receivables as well as long-term debt, deferred inflows and obligations. The Association's net position is reported in three parts: net investment in capital assets, restricted net position and unrestricted net position. The Association first utilizes restricted resources to finance qualifying activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of the Association's special recreation function, which is supported by general revenues (member contributions, interest income and miscellaneous revenue). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants/contributions. Program revenues must be directly associated with the special recreation function. Operating grants/contributions include operating-specific grants. The net cost of the special recreation function is normally covered by the general revenues (member contributions, interest income and miscellaneous revenue).

The government-wide focus is more on the sustainability of the Association as an entity and the change in the Association's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Association are reported in a single governmental fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related liability is incurred. In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are member District contributions and program fees. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Association's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include member contributions, program fess, and grants.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of more than $500, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Association as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building	50 Years
Building Improvements	20 - 50 Years
Parking Lot	20 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The Association accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

It is the Association’s policy to permit employees to accumulate earned but unused vacation for an unlimited number of years. The maximum amount of days that can be accrued is the equivalent of one year’s vacation credit. Upon termination, an employee shall be paid for unused vacation time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components, if applicable:

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

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Association follows these procedures in establishing the budgetary data reflected in the financial statements'

The Association Director submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

The budget is legally enacted by the Board of Trustees.

The budget may be amended by the Board of Trustees. During the year, no supplementary appropriations were necessary.

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – Statutes authorize the Association to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Park District Liquid Asset Fund.

The Illinois Park District Liquid Asset Fund allows Illinois park districts, forest preserves and joint recreational programs to pool their funds for investment purposes. The Illinois Park District Liquid Asset Fund is composed of finance officials and treasurers all of whom are employees of the Illinois public agencies, which are investors in the Illinois Park District Liquid Asset Fund. The Illinois Park District Liquid Asset Fund is not registered with the SEC as an Investment Company. Investments in the Illinois Park District Liquid Asset Fund are valued at the share price, the price for which the investment could be sold.

Concentration Risk, Custodial Credit Risk, Credit Risk and Interest Rate Risk

At year-end, the carrying amount of the Association's deposits totaled $5,049,192 and the bank balances totaled $5,149,374. Additionally, at year-end, the Association has $155,057 invested in the Illinois Park District Liquid Asset Fund, which has an average maturity of less than one year.

Concentration Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Association's investment in a single issuer. The Association's investment policy states the practice is to invest in a diversified manner and not have undue concentrations in any single investment. At year-end, the Association does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the Association's name. At December 31, 2018, the entire bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Association's investment policy does not address custodial credit risk for investments. At December 31, 2018, the Association's investment in the Illinois Park District Liquid Asset Fund was not subject to custodial credit risk.

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

DEPOSITS AND INVESTMENTS – Continued

Concentration Risk, Custodial Credit Risk, Credit Risk and Interest Rate Risk – Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association limits its exposure to credit risk by primarily investing in obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government. The Association's investment in the Illinois Park District Liquid Asset Fund is rated AAAm by Standard and Poor's.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association's investment policy states that the investment portfolio shall maintain the necessary liquidity to enable the Association to meet all operating requirements and liabilities that may be reasonably anticipated. The Association invests its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Association and conforming to all state and local statutes governing the investment of public funds using the 'prudent person' standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Building	$ 1,006,000	-	-	1,006,000
Building Improvements	335,644	-	-	335,644
Parking Lot	71,730	-	-	71,730
Furniture and Equipment	396,614	74,914	4,350	467,178
Vehicles	1,201,867	59,158	-	1,261,025
	3,011,855	134,072	4,350	3,141,577
Less Accumulated Depreciation				
Building	300,962	20,120	-	321,082
Building Improvements	113,054	14,080	-	127,134
Parking Lot	37,808	3,586	-	41,394
Furniture and Equipment	187,445	38,616	4,350	221,711
Vehicles	814,942	89,240	-	904,182
	1,454,211	165,642	4,350	1,615,503
Total Net Capital Assets	1,557,644	(31,570)	-	1,526,074

Depreciation expense of $165,642 was charged to the special recreation function.

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

LONG-TERM DEBT

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	$ 88,688	21,058	10,529	99,217	28,633
Net Pension Liability - IMRF	1,151,557	-	1,011,297	140,260	-
Total OPEB Liability - RBP	520,692	-	63,565	457,127	-
	1,760,937	21,058	1,085,391	696,604	28,633

For the governmental activities, the compensated absences, the net pension liability and the total OPEB liability are liquidated by the General Fund.

FUND BALANCES/NET POSITION

Fund Balance Classifications

The following is a schedule of fund balance classifications as of the date of this report:

Fund Balances	
Nonspendable	
Prepaids	$ 70,822
Assigned	2,742,738
Committed	182,266
Unassigned	1,800,228
Total Fund Balances	4,796,054

In the governmental funds financial statements, the Association considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Association first utilizes assigned, then committed and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

NOTE 3 – DETAIL NOTES ON THE ASSOCIATION – Continued

FUND BALANCES/NET POSITION – Continued

Fund Balance Classifications – Continued

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Association's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The Association policy manual states that the assigned fund balance should represent 25% of annual expenses and committed fund balance should represent three years rolling average of total budgeted capital expenditures.

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	$ 1,526,074

NOTE 4 – OTHER INFORMATION

FUND BALANCES/NET POSITION – Continued

Net Position Restatement

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Governmental Activities	$ 5,564,609	5,043,917	(520,692)

MEMBER CONTRIBUTIONS

Contributions received from members during the 2018 fiscal year were:

Members	Amounts
Arlington Heights Park District	$ 554,356
Bartlett Park District	236,977
Buffalo Grove Park District	315,384
Elk Grove Park District	308,823
Hanover Park Park District	144,031
Hoffman Estates Park District	303,525
Inverness Park District	42,293
Mount Prospect Park District	349,905
Palatine Park District	484,102
Prospect Heights Park District	78,493
River Trails Park District	103,480
Rolling Meadows Park District	130,092
Salt Creek Rural Park District	35,106
Schaumburg Park District	660,036
South Barrington Park District	81,636
Streamwood Park District	181,446
Wheeling Park District	225,495
	4,235,180

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

Park District Risk Management Agency (PDRMA)

The Association is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and net income losses. Since June 1, 1985, the Association has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve Associations, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials', employment practices liability and workers compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the coverage in effect for the period January 1, 2018 through January 1, 2019:

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
PROPERTY			
Property/Bldg/Contents			
All Losses Per Occurrence	$1,000	$1,000,000	$1,000,000,000/All Members Declaration 11
Flood/Except Zones A & V	$1,000	$1,000,000	$250,000,000/Occurrence/Annual Aggregate
Flood, Zones A & V	$1,000	$1,000,000	$200,000,000/Occurrence/Annual Aggregate
Earthquake Shock	$1,000	$100,000	$100,000,000/Occurrence/Annual Aggregate
Auto Physical Damage			
Comprehensive and Collision	$1,000	$1,000,000	Included
Course of Construction	$1,000	Included	$25,000,000
Business Interruption, Rental			
Income, Tax Income Combined	$1,000		$100,000,000/Reported Values
			$500,000/$2,500,000/Non-Reported Values
Service Interruption	24 Hours	N/A	$25,000,000
Boiler and Machinery			$100,000,000 Equipment Breakdown
Property Damage	$1,000	$9,000	Property Damage - Included
Business Income	48 Hours	N/A	Included
Fidelity and Crime	$1,000	$24,000	$2,000,000/Occurrence
Seasonal Employees	$1,000	$9,000	$1,000,000/Occurrence
Blanket Bond	$1,000	$24,000	$2,000,000/Occurrence
WORKERS COMPENSATION			
Employers Liability	N/A	$500,000	Statutory
		$500,000	$3,500,000 Employers Liability

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park Association Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits
LIABILITY			
General	None	$500,000	$21,500,000/Occurrence
Auto Liability	None	$500,000	$21,500,000/Occurrence
Employment Practices	None	$500,000	$21,500,000/Occurrence
Public Officials' Liability	None	$500,000	$21,500,000/Occurrence
Law Enforcement Liability	None	$500,000	$21,500,000/Occurrence
Uninsured/Underinsured Motorists	None	$500,000	$1,000,000/Occurrence
POLLUTION LIABILITY			
Liability - Third Party	None	$25,000	$5,000,000/Occurrence
Property - First Party	$1,000	$24,000	$30,000,000 3 Year Aggregate
OUTBREAK EXPENSE			
Outbreak Expense	24 Hours	N/A	$15,000 per Day
			$1,000,000 Aggregate Policy Limit
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA			
LIABILITY COVERAGE			
Information Security & Privacy			
Liability	None	$100,000	$2,000,000/Occurrence/Annual Aggregate
Privacy Notification, Costs	None	$100,000	$500,000/Occurrence/Annual Aggregate
Regulatory Defense & Penalties	None	$100,000	$2,000,000/Occurrence/Annual Aggregate
Website Media Content Liability	None	$100,000	$2,000,000/Occurrence/Annual Aggregate
Cyber Extortion	None	$100,000	$2,000,000/Occurrence/Annual Aggregate
Data Protection & Business			
Interruption	$1,000	$100,000	$2,000,000/Occurrence/Annual Aggregate
First Party Business Interruption	8 Hours	$100,000	$50,000 Hourly Sublimit/$50,000 Forensic
			Exp./$150,000 Dependent Bus. Interruption
VOLUNTEER MEDICAL ACCIDENT			
Volunteer Medical Accident	None	$5,000	$5,000 Medical Expense and AD&D
			Excess of any other Collectible Insurance
UNDERGROUND STORAGE TANK LIABILITY			
Underground Storage Tank Liability	None	N/A	$10,000, Follows Illinois Leaking
			Underground Tank Fund
UNEMPLOYMENT COMPENSATION			
Unemployment Compensation	N/A	N/A	Statutory

Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the Association.

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park Association Risk Management Agency (PDRMA) – Continued

As a member of PDRMA's Property/Casualty Program, the Association is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the Association and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the Association's governing body.

The Association is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigations and settlement, and to follow risk management procedures as outlined by PDRMA. Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Program Council. PDRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The following represents a summary of PDRMA's Property/Casualty Program balance sheet at December 31, 2017 and the statement of revenues and expenses for the period ending December 31, 2017:

Assets	$65,528,169
Deferred Outflows of Resources – Pension	1,031,198
Liabilities	22,979,446
Deferred Inflows of Resources – Pension	5,600
Total Net Pension	43,574,321
Revenues	23,353,271
Expenditures	17,402,060

The Association's portion of the overall equity in the pool is 0.586% or $255,177.

Since 88.70% of PDRMA's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the Net Position is impacted annually as more recent loss information becomes available.

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) Health Program

On August 1, 1992, the Association became a member of the Park District Risk Management Agency (PDRMA) Health Program, a health benefits pool of park districts, special recreation associations, and public service organizations through which medical, vision, dental, life and prescription drug coverages are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over $250,000. Until January 1, 2001 the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

Members can choose to provide any combination of coverages available to their employees and pay premiums accordingly.

As a member of the PDRMA Health Program, the Association is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote on each. The relationship between the member agency and PDRMA Health Program is governed by a contract and by-laws that have been adopted by a resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health Program upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Health Program Council.

The following represents a summary of PDRMA's Health Program balance sheet at December 31, 2017 and the statement of revenues and expenses for the period ending December 31, 2017:

Assets	$21,149,057
Deferred Outflows of Resources – Pension	427,851
Liabilities	5,677,098
Deferred Inflows of Resources – Pension	(5,600)
Total Net Pension	15,905,410
Revenues	37,960,432
Expenditures	36,867,147

A large percentage of PDRMA's liabilities are reserves for losses and loss adjustment expenses, which are based on an actuarial estimate of the ultimate losses incurred.

CONTINGENT LIABILITIES

Litigation

The Association is currently not involved in any lawsuits.

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Association contributes to Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired ***on or after*** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	53
Active Plan Members	41
Total	115

Contributions. As set by statute, the Association's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the Association's contribution was 13.50% of covered payroll.

Net Pension Liability. The Association's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Association contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the Association calculated using the discount rate as well as what the Association's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	$ 1,573,274	140,260	(998,158)

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	$ 10,536,019	9,384,462	1,151,557
Changes for the Year:			
Service Cost	197,294	-	197,294
Interest on the Total Pension Liability	783,706	-	783,706
Difference Between Expected and Actual Experience of the Total Pension Liability	20,944	-	20,944
Change of Assumptions	(274,295)	-	(274,295)
Contributions - Employer	-	270,802	(270,802)
Contributions - Employees	-	90,267	(90,267)
Net Investment Income	-	1,575,401	(1,575,401)
Benefit Payments, including Refunds of Employee Contributions	(370,505)	(370,505)	-
Other (Net Transfer)	-	(197,524)	197,524
Net Changes	357,144	1,368,441	(1,011,297)
Balances at December 31, 2017	10,893,163	10,752,903	140,260

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Association recognized pension expense of $381,538. At December 31, 2017, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 95,861	(82,756)	13,105
Change in Assumptions	44,283	(211,047)	(166,764)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	294,592	(703,462)	(408,870)
Total Pension Expense to be Recognized in Future Periods	434,736	(997,265)	(562,529)
Pension Contributions Made Subsequent to the Measurement Date	251,943	-	251,943
Total Deferred Amounts Related to IMRF	686,679	(997,265)	(310,586)

$251,943 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2019	$ (15,160)
2020	(105,432)
2021	(246,395)
2022	(195,542)
2023	-
Thereafter	-
Totals	(562,529)

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The Association's defined benefit OPEB plan, Northwest Special Recreation Association's Retiree Benefit Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Association. RBP is a single-employer defined benefit OPEB plan administered by the Association. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Association Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. Northwest Special Recreation Association offers medical, dental, vision, and life insurance coverage to retirees. Retirees pay the full cost of the premium. Coverage ends at age 65 for disabled employees or once retirees are eligible for Medicare.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	43
Total	44

Total OPEB Liability

The Association's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	N/A
Salary Increases	2.50%
Discount Rate	4.10%
Healthcare Cost Trend Rates	The initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
Retirees' Share of Benefit-Related Costs	Same as Healthcare Cost Trend Rates

The discount rate was based on the General Obligation Municipal Bond Rate as of December 30, 2018.

Mortality rates were based on the RP-2014 study, with Blue Collar adjustment. These rates are improved generationally using MP-2016 Improvement Rates

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	$ 520,692
Changes for the Year:	
Service Cost	9,801
Interest on the Total Pension Liability	16,997
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(36,365)
Benefit Payments	(53,998)
Net Changes	(63,565)
Balance at December 31, 2018	457,127

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	$ 515,046	457,127	411,198

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 7.10%, with an ultimate rate of 5.00% as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(6.10% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.10% Decreasing to 5.00%)	(8.10% Decreasing to 6.00%)
Total OPEB Liability	$ 402,934	457,127	524,802

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Association recognized OPEB expense of $9,180. At December 31, 2018, the Association reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ -	-	-
Change in Assumptions	-	(34,942)	(34,942)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	(34,942)	(34,942)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2019	$ (1,423)
2020	(1,423)
2021	(1,423)
2022	(1,423)
2023	(1,423)
Thereafter	(27,827)
Total	(34,942)

NOTE 4 – OTHER INFORMATION – Continued

PREPAID RENT AND RENT EXPENSE

On April 1, 2017, the Association entered into an agreement with Rolling Meadows Park District to lease programing and office space for the period beginning April 1, 2017 and ending March 31, 2020. The lease calls for annual rent payments of $47,055, totaling $141,164, to be paid upon commencement of the lease. As a result, the Association recognized a grant of $47,055 from the Foundation and prepaid rent of $112,846 for the year ended December 31, 2017. During the year ended December 31, 2018 the Association recognized rent expense of $47,055 and has a prepaid balance of $70,792 remaining.

On January 22, 2016, the Association entered into an agreement with Clearbrook to collaborate and create a new adult day program entitled PURSUIT for the period beginning February 1, 2016 and ending February 1, 2018. The lease calls for semi-annual rent payments of $30,000, totaling $60,000, to be paid upon commencement of the lease. During the year ended December 31, 2018 the Association recognized rent expense of $25,000 and has a prepaid balance of $5,000 remaining.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
  Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer’s Net Pension Liability
  Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer's Total OPEB Liability
  Retiree Benefit Plan

- Budgetary Comparison Schedule
  General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a cash basis which does not differ materially from the modified accrual basis which is consistent with generally accepted accounting principles.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 248,478	$ 249,289	$ 811	$ 1,921,715	12.97%
2015	258,410	258,410	-	1,947,331	13.27%
2016	256,819	256,819	-	1,923,745	13.35%
2017	270,802	270,802	-	2,005,934	13.50%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Payroll (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/14
Total Pension Liability	
Service Cost	$ 214,433
Interest	630,905
Differences Between Expected and Actual Experience	85,847
Change of Assumptions	234,615
Benefit Payments, Including Refunds of Member Contributions	(284,835)
Net Change in Total Pension Liability	880,965
Total Pension Liability - Beginning	8,447,270
Total Pension Liability - Ending	9,328,235
Plan Fiduciary Net Position	
Contributions - Employer	$ 249,289
Contributions - Members	86,890
Net Investment Income	497,239
Benefit Payments, Including Refunds of Member Contributions	(284,835)
Administrative Expense	44,863
Net Change in Plan Fiduciary Net Position	593,446
Plan Net Position - Beginning	8,125,789
Plan Net Position - Ending	8,719,235
Employer's Net Pension Liability	$ 609,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.47%
Covered Payroll	$ 1,921,715
Employer's Net Pension Liability as a Percentage of Covered Payroll	31.69%

Note:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17
200,686	189,383	197,294
695,179	750,145	783,706
168,795	(144,140)	20,944
-	-	(274,295)
(319,054)	(333,210)	(370,505)
745,606	462,178	357,144
9,328,235	10,073,841	10,536,019
10,073,841	10,536,019	10,893,163
258,410	256,819	270,802
87,630	86,569	90,267
43,664	610,206	1,575,401
(319,054)	(333,210)	(370,505)
(57,394)	31,587	(197,524)
13,256	651,971	1,368,441
8,719,235	8,732,491	9,384,462
8,732,491	9,384,462	10,752,903
1,341,350	1,151,557	140,260
86.68%	89.07%	98.71%
1,947,331	1,923,745	2,005,934
68.88%	59.86%	6.99%

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Retiree Benefit Pllan

Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018

	2018
Total OPEB Liability	
Service Cost	$ 9,801
Interest	16,997
Change of Assumptions or Other Inputs	(36,365)
Benefit Payments	(53,998)
Other Changes	-
Net Change in Total OPEB Liability	(63,565)
Total OPEB Liability - Beginning	520,692
Total OPEB Liability - Ending	457,127
Covered Payroll	$ 2,056,493
Total OPEB Liability as a Percentage of Covered Payroll	22.23%

Notes:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Benefit Terms . There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	PPO	HMO
2019	7.10%	6.60%
2020	6.87%	6.42%
2021	6.63%	6.24%
2022	6.40%	6.07%
2023	6.17%	5.89%
2024	5.93%	5.71%
2025	5.70%	5.53%
2026	5.47%	5.36%
2027	5.23%	5.18%
2028	5.00%	5.00%
Ultimate	5.00%	5.00%

In 2018, there was no change in the healthcare trend rates from the prior year.

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018

	Budget			Variance
	Original	Final	Actual	with Final Budget
Revenues				
Member Contributions	$ 4,235,180	4,235,180	4,235,180	-
Program	789,286	789,286	794,137	4,851
Grants and Contributions	334,000	334,000	370,592	36,592
Interest Income	33,862	33,862	84,228	50,366
Total Revenues	5,392,328	5,392,328	5,484,137	91,809
Expenditures				
Special Recreation				
Administration	879,543	879,543	836,192	43,351
Program	573,262	573,262	693,831	(120,569)
Salary	2,671,131	2,671,131	2,540,695	130,436
Liability/Audit/IMRF	592,204	592,204	553,124	39,080
ADA Compliance	544,336	544,336	427,626	116,710
Capital Outlay	225,000	225,000	53,519	171,481
Total Expenditures	5,485,476	5,485,476	5,104,987	380,489
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,148)	(93,148)	379,150	472,298
Other Financing Sources				
Disposal of Capital Assets	750	750	-	(750)
Net Change in Fund Balance	(92,398)	(92,398)	379,150	471,548
Fund Balance - Beginning			4,416,904	
Fund Balance - Ending			4,796,054	

OTHER SUPPLEMENTARY INFORMATION

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2018

	Budget			Variance with Final
	Original	Final	Actual	Budget
Special Recreation				
Administration				
Professional Fees	$ 14,010	14,010	10,896	3,114
Office Supplies	4,100	4,100	9,962	(5,862)
Credit Card and Bank Fees	8,570	8,570	11,485	(2,915)
Postage	5,000	5,000	10,745	(5,745)
Telephone/Fax	14,476	14,476	15,575	(1,099)
Conferences/Education	38,427	38,427	43,564	(5,137)
Membership Dues	18,514	18,514	19,548	(1,034)
Health Insurance	589,499	589,499	462,429	127,070
Maintenance/Utilities	46,710	46,710	37,853	8,857
Rent	30,096	30,096	79,651	(49,555)
Computer Contracts	110,141	110,141	134,484	(24,343)
Total Administration	879,543	879,543	836,192	43,351
Program				
Program Rental - Municipal	35,925	35,925	23,218	12,707
Program Rental - Commercial	136,845	136,845	137,812	(967)
Program Development	34,200	34,200	105,387	(71,187)
Program Expendable Supplies	46,987	46,987	89,106	(42,119)
Transportation - Leased	85,925	85,925	90,152	(4,227)
Transportation - Program Staff	30,000	30,000	23,388	6,612
Transportation - Maintenance	76,900	76,900	89,547	(12,647)
Transportation - Gasoline	50,635	50,635	63,475	(12,840)
Program Printing	53,960	53,960	48,458	5,502
Public Awareness	21,885	21,885	23,288	(1,403)
Total Program	573,262	573,262	693,831	(120,569)
Salary				
Participating - Full-Time	2,149,247	2,149,247	2,083,204	66,043
Participating - Part-Time	485,785	485,785	424,840	60,945
Payroll Processing	28,299	28,299	24,851	3,448
Car Allowance	7,800	7,800	7,800	-
Total Salary	2,671,131	2,671,131	2,540,695	130,436

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018

	Budget			Variance
	Original	Final	Actual	with Final Budget
Special Recreation - Continued				
Liability/Audit/IMRF				
Liability/PDRMA Insurance	$ 82,361	82,361	73,614	8,747
Audit	6,150	6,150	6,150	-
FICA	242,258	242,258	221,417	20,841
IMRF	261,435	261,435	251,943	9,492
Total Liability/Audit/IMRF	592,204	592,204	553,124	39,080
ADA Compliance	544,336	544,336	427,626	116,710
Total Special Recreation	5,260,476	5,260,476	5,051,468	209,008
Capital Outlay	225,000	225,000	53,519	171,481
Total Expenditures	5,485,476	5,485,476	5,104,987	380,489

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

April 9, 2019

Board of Directors
Special Leisure Services Foundation
Rolling Meadows, Illinois

In planning and performing our audit of the financial statements of the Special Leisure Services Foundation (the Foundation), for the fiscal year ended December 31, 2018, we considered its internal control structure 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 structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Executive Director and senior management of the Special Leisure Services Foundation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Foundation personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well-prepared audit package and we appreciate the courtesy and assistance given to us by the entire Foundation's staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. OPERATING RESERVE POLICY

Comment

During our current year-end audit procedures, we noted that the Foundation does not have a formal operating reserve policy. An operating reserve policy establishes how liquid resources should be managed to ensure cash and investments are available to meet cash needs for general expenditures within one year of the date of the statement of financial position.

It is essential to maintain adequate levels of an operating reserve policy since potential donors, grantors, creditors and other not-for-profit constituents want to know that the organizations they are evaluating have sufficient resources to meet financial obligations as they come due. Operating reserve levels are also crucial consideration in long-term financial planning.

Recommendation

We recommend the Foundation create and adopt an operating reserve policy. The Foundation should address how to meet cash needs for general expenditures within one year of the date of the statement of financial position and how any excess cash is to be invested.

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

ANNUAL FINANCIAL REPORT

SLSF.me

MAKING AN IMPACT FOR NWSRA

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

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INDEPENDENT AUDITORS' REPORT

Lauterbach & Amen, LLP
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INDEPENDENT AUDITORS' REPORT

April 9, 2019

Members of the Board of Directors
Special Leisure Services Foundation
Rolling Meadows, Illinois

We have audited the accompanying financial statements of the Special Leisure Services Foundation (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Special Leisure Services Foundation, as of December 31, 2018, 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.

Other Matters

Prior-Year Comparative Information

We have previously audited Special Leisure Services Foundation's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated April 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Special Leisure Services Foundation's (a nonprofit organization) financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Statement of Financial Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 214,335	379,916
Investments	1,051,827	1,138,589
Receivables - Net of Allowance		
Other	8,653	40
Prepaids	1,677	10
Total Assets	1,276,492	1,518,555
LIABILITIES		
Other Payables	30	-
NET ASSETS		
With Donor Restrictions	71,129	249,223
Without Donor Restrictions	1,205,333	1,269,332
Total Net Assets	1,276,462	1,518,555
Total Liabilities and Net Assets	1,276,492	1,518,555

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

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Statement of Activities
For the Fiscal Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Special Events Revenue	$ 264,828	56,944	321,772
Donations	546,714	8,857	555,571
Grants	-	90,761	90,761
Interest and Dividend Income	(33,657)	-	(33,657)
Net Assets Released from Restrictions	374,435	(374,435)	-
Total Public Support and Revenues	1,152,320	(217,873)	934,447
Expenses and Losses			
Functional Expenses			
Program Services			
Inclusion (ADA Compliance)	24,159	-	24,159
Accessible Vehicle Support	70,000	-	70,000
General Program Support	144,280	-	144,280
NWSRA Lightning Athletics	25,000	-	25,000
Scholarships	70,842	-	70,842
Capital Improvements	264,153	-	264,153
Total Program Services	598,434	-	598,434
Management and General	152,437	-	152,437
Fundraising	278,715	-	278,715
Total Functional Expenses	1,029,586	-	1,029,586
Special Events Direct Expense	146,954	-	146,954
Total Expenses and Losses	1,176,540	-	1,176,540
Change in Net Assets	(24,220)	(217,873)	(242,093)
Net Assets - Beginning	1,229,553	289,002	1,518,555
Net Assets - Ending	1,205,333	71,129	1,276,462

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

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Statement of Activities
For the Fiscal Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Special Events Revenue	$ 270,706	59,221	329,927
Donations	410,344	16,890	427,234
Grants	-	271,195	271,195
Interest and Dividend Income	144,656	-	144,656
Net Assets Released from Restrictions	131,023	(131,023)	-
Total Public Support and Revenues	956,729	216,283	1,173,012
Expenses and Losses			
Functional Expenses			
Program Services			
Inclusion (ADA Compliance)	39,004	-	39,004
Accessible Vehicle Support	61,485	-	61,485
General Program Support	85,490	-	85,490
NWSRA Lightning Athletics	25,148	-	25,148
Scholarships	63,873	-	63,873
Capital Improvements	275,000	-	275,000
Total Program Services	550,000	-	550,000
Management and General Fundraising	140,429	-	140,429
Fundraising	244,471	-	244,471
Total Functional Expenses	934,900	-	934,900
Special Events Direct Expense	142,433	-	142,433
Total Expenses and Losses	1,077,333	-	1,077,333
Change in Net Assets	(120,604)	216,283	95,679
Net Assets - Beginning	1,389,936	32,940	1,422,876
Net Assets - Ending	1,269,332	249,223	1,518,555

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

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Statement of Cash Flows
For the Fiscal Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Received from Donors and Grantors	$ 548,476	659,259
Dividends and Interest Received	(33,657)	144,656
Paid to Suppliers and Grantees	(767,162)	(722,286)
	(252,343)	81,629
Cash Flows from Investing Activities		
Payments for the Purchase of Investments	86,762	58,509
Net Change in Cash and Cash Equivalents	(165,581)	140,138
Cash and Cash Equivalents - Beginning	379,916	239,778
Cash and Cash Equivalents - Ending	214,335	379,916
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	(242,093)	95,679
Adjustments to Reconcile Operating		
Provided by (Used In) Operating Activities:		
(Increase) Decrease in Current Assets	(10,280)	1,450
Increase (Decrease) in Current Liabilities	30	(15,500)
Net Cash Provided by Operating Activities	(252,343)	81,629
Noncash Operating Activities		
In-Kind Donated Facilities	35,682	35,682
In-Kind Donated Services	373,666	334,865
In-Kind Expenses	(409,348)	(370,547)
	-	-

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation Purpose

The Special Leisure Services Foundation (the "Foundation") is an Illinois not-for-profit organization incorporated on November 1, 1980. The Foundation was formed to facilitate participation by adults and children with disabilities in recreation programs offered by Northwest Special Recreation Association ("NWSRA") and the park districts and municipalities which are partners in the operations of NWSRA.

The Foundation uses its funds for five main programs:

> Inclusion (ADA Compliance) – The Foundation provides grants so that aides and adaptive equipment can be provided to enable individuals with disabilities to mainstream back into their regular park district program.
>
> Accessible Vehicle Support – The foundation provides grants for vehicles to provide door-to-door transportation for individuals with disabilities and other adaptive equipment.
>
> General Program Support – The Foundation provides financial support to create innovative program opportunities and services.
>
> Scholarships – The Foundation provides financial support to disabled individuals in economic need to enable them to participate in NWSRA programs.
>
> NWSRA Lightning Athletics/Paralympics/Unified Sports – The Foundation provides grants to NWSRA Lightning Athletes, Paralympics and Unified Sports which help athletes competing in their local community by giving them the opportunity to advance to state, national, and international competition.

In addition to the five focus areas, the Foundation may also assist with programs:

> Building Improvements – The Foundation provides the financial support to make necessary improvements to the building that houses the offices of the NWSRA.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Net Assets

The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of Foundation and changes therein are classified and reported as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets – Continued

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted 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 reported period. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income tax under IRC section 501(c)(3), and similarly, is exempt from State of Illinois taxes under the Illinois Tax Act Section 205(a), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the year ended December 31, 2018.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally, for three years after they were filed. Annual filings with the State of Illinois are, similarly, subject to examination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the schedules of functional expenses. Functional expenses which are not directly attributable to one function are allocated between program, management and general, and fundraising services based on the number of employees involved, the amount of time spent, the percentage of their salary associated with that time and on estimated made by the Foundation's management.

Cash and Investments

For the purpose of the Statement of Financial Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

In the Statement of Financial Position, receivables are stated at the amount billed. The Foundation does not charge late fees on amounts past due. An allowance for uncollectible accounts has not been established since management believes all accounts are substantially collectible. Management's periodic evaluation of the collectability of receivables is based on past experience, known and inherent risks in the receivables, adverse situations that may affect the obligee's ability to repay, and current economic conditions. Receivables deemed uncollectible are charged to expense.

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Cash and Investments

Deposits. At year-end, the carrying amount of the Foundation's deposits for governmental activities totaled $214,335 and the bank balances totaled $222,358.

NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

Cash and Investments – Continued

Investments. The Foundation has the following investment fair values and maturities:

Investment Type		Fair Value	Less Than 1	1 to 5
Corporate Bonds	$	116,057	29,674	86,383
Certificate of Deposits		318,784	318,784	-
		434,841	348,458	86,383

In addition to the securities and fair values listed above, the Foundation also has $616,986 invested in mutual funds.

The Foundation has the following recurring fair value measurements as of December 31, 2018:

- Corporate Bonds of $116,057 are valued using a matrix pricing model (Level 2 inputs)
- Mutual Funds of $616,986 are valued using a matrix pricing model (Level 2 inputs)
- Certificate of Deposits of $318,784 are valued using a matrix pricing model (Level 2 inputs)

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Availability and Liquidity

The following represents Foundation's financial assets at December 31, 2018:

Financial Assets at Year End:		
Cash and Cash Equivalents	$	214,335
Investments		1,051,827
Receivables		8,653
Total Financial Assets		1,274,815
Less Amounts not Available to be used within one year:		
Net Assets With Donor Restrictions		71,129
Financial Assets Available to Meet General Expenditures over the Next Twelve Months		1,203,686

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

Net Asset Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

	2018	2017
NWSRA Lightening Athletes	$ 1,232	-
Booster Club	1,648	1,322
Inclusion	3,333	-
Pursuit 4 Furniture	20,505	-
MP Snoezelen Room	36,261	-
GMFS	8,150	-
Hanover Park Sensory Room/Mt. Prospect Community Center Programming Space/Pursuit	-	247,901
Total With Donor Restrictions	71,129	249,223

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2018 and 2017:

	2018	2017
NWSRA Lightning Athletics	$ 26,090	20,911
Accessible Vehicle Support	18,896	61,379
Inclusion (ADA Compliance)	9,167	7,500
Scholarships	100	1,250
Booster Club	2,120	1,602
General Program Support	19,594	38,381
Pursuit Supplies	12,442	-
HP Snoezelen Room	59,476	-
GMFS	5,550	-
Development/Capital Improvement	221,000	-
Total Restrictions Released	374,435	131,023

In-Kind Donations

Donated Facilities – The Foundation was allowed to use facilities at no charge to the Foundation during the years ended December 31, 2018 and 2017. Accordingly, contributions have been recorded for the fair value of the facilities of $35,682 and $35,682 for the years ending December 31, 2018 and 2017, respectively. These amounts have been included as special events revenue and special events expense on the Statements of Activities.

NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

In-Kind Donations – Continued

Donated Services – Donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying financial statements. The Foundation received services from NWSRA employees, which includes grant/sponsorship writing, event fund-raising, and development coordination, a portion of which meets the criteria for recognition. Accordingly, contributions have been recorded for the estimated fair value of these services of $373,666 and $334,865 for the years ending December 31, 2018 and 2017, respectively. These amounts have been included as donations revenue and management and general expenses and fundraising expenses of the Statements of Activities. The Foundation also receives donated services from a variety of unpaid volunteers assisting the Foundation in its programs. However, these donated services are not reflected in the Statements of Activities because the criteria for recognition have not been satisfied.

SUPPLEMENTAL SCHEDULES

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Schedule of Revenues, Expenditures and Changes in Net Assets - Budget and Actual
For the Fiscal Year Ended December 31, 2018

	Budget	Actual
Public Support and Revenues		
Special Events Revenue	$ 308,430	321,772
Donations	51,950	555,571
Grants	301,350	90,761
Interest and Dividend Income	-	(33,657)
Total Public Support and Revenues	661,730	934,447
Expenses and Losses		
Functional Expenses		
Program Services		
NWSRA Lightning Athletics	25,000	25,000
Accessible Vehicle Support	70,000	70,000
Scholarships	81,000	70,842
Inclusion (ADA Compliance)	14,000	24,159
General Program Support	144,000	144,280
Capital Improvements	262,000	264,153
Total Program Services	596,000	598,434
Management and General	56,719	152,437
Fundraising	106,231	278,715
Total Functional Expenses	758,950	1,029,586
Special Events Direct Expense	-	146,954
Total Expenses and Losses	758,950	1,176,540
Change in Net Assets	(97,220)	(242,093)
Net Assets - Beginning		1,518,555
Net Assets - Ending		1,276,462

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Schedule of Functional Expenses
For the Fiscal Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Subtotal Functional Expenses	Special Events Direct Expenses	Total Expenses
Expenses						
Employee Compensation (In-Kind)						
Salaries	$ -	50,979	159,756	210,735	-	210,735
Payroll Taxes	-	3,900	12,222	16,122	-	16,122
Employee Benefits	-	40,072	106,737	146,809	-	146,809
Total Employee Compensation	-	94,951	278,715	373,666	-	373,666
Other Expenses						
Postage	-	3,605	-	3,605	-	3,605
Office Expenses	-	7,157	-	7,157	-	7,157
Membership Services	-	3,690	-	3,690	-	3,690
Education and Training	-	3,807	-	3,807	-	3,807
Public Education and Information	-	19,626	-	19,626	-	19,626
Printing	-	10,629	-	10,629	-	10,629
Professional Fees	-	6,195	-	6,195	-	6,195
Legal Fees	-	2,777	-	2,777	-	2,777
Grants						
Inclusion (ADA Compliance)	24,159	-	-	24,159	-	24,159
Accessible Vehicle Support	70,000	-	-	70,000	-	70,000
General Program	144,280	-	-	144,280	-	144,280
NWSRA Lightning Athletics	25,000	-	-	25,000	-	25,000
Scholarships	70,842	-	-	70,842	-	70,842
Capital Improvements	264,153	-	-	264,153	-	264,153
Special Events Direct Expense						
Food	-	-	-	-	56,799	56,799
Gifts	-	-	-	-	3,644	3,644
In-Kind Rental - Golf Course	-	-	-	-	35,682	35,682
Printing	-	-	-	-	4,099	4,099
Prizes	-	-	-	-	7,958	7,958
Recognition	-	-	-	-	26,989	26,989
Supplies	-	-	-	-	11,783	11,783
Total Other Expenses	598,434	57,486	-	655,920	146,954	802,874
Total Expenses	598,434	152,437	278,715	1,029,586	146,954	1,176,540

SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

Schedule of Functional Expenses
For the Fiscal Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Subtotal Functional Expenses	Special Events Direct Expenses	Total Expenses
Expenses						
Employee Compensation (In-Kind)						
Salaries	$ -	48,861	137,854	186,715	-	186,715
Payroll Taxes	-	3,738	10,546	14,284	-	14,284
Employee Benefits	-	37,795	96,071	133,866	-	133,866
Total Employee Compensation	-	90,394	244,471	334,865	-	334,865
Other Expenses						
Postage	-	3,722	-	3,722	-	3,722
Office Expenses	-	8,708	-	8,708	-	8,708
Membership Services	-	1,713	-	1,713	-	1,713
Education and Training	-	673	-	673	-	673
Public Education and Information	-	18,790	-	18,790	-	18,790
Printing	-	2,677	-	2,677	-	2,677
Professional Fees	-	13,752	-	13,752	-	13,752
Grants						
Inclusion (ADA Compliance)	39,004	-	-	39,004	-	39,004
Accessible Vehicle Support	61,485	-	-	61,485	-	61,485
General Program	85,490	-	-	85,490	-	85,490
NWSRA Lightning Athletes	25,148	-	-	25,148	-	25,148
Scholarships	63,873	-	-	63,873	-	63,873
Capital Improvements	275,000	-	-	275,000	-	275,000
Special Events Direct Expense						
Food	-	-	-	-	57,430	57,430
Gifts	-	-	-	-	3,211	3,211
In-Kind Rental - Golf Course	-	-	-	-	35,682	35,682
Printing	-	-	-	-	6,885	6,885
Prizes	-	-	-	-	8,669	8,669
Recognition	-	-	-	-	21,808	21,808
Supplies	-	-	-	-	8,748	8,748
Total Other Expenses	550,000	50,035	-	600,035	142,433	742,468
Total Expenses	550,000	140,429	244,471	934,900	142,433	1,077,333