

SPECIAL LEISURE SERVICES  
FOUNDATION, ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2016

# SPECIAL LEISURE SERVICES FOUNDATION

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# **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

April 5, 2017

Board of Directors  
Special Leisure Services Foundation  
Rolling Meadows, Illinois

We have audited the accompanying financial statements of the Special Leisure Services Foundation (a not-for-profit in Illinois), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Foundation'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 did not audit the financial statements of the Foundation as of and for the year ended December 31, 2015, and the related notes to the financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. 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 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 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 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Special Leisure Services Foundation, Illinois, as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Special Leisure Services Foundation, Illinois', basic 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

## **FINANCIAL STATEMENTS**

**SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS**

**Statement of Financial Position  
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 239,778	226,543
Investments	1,197,098	1,164,086
Receivables - Net of Allowance		
Other	-	4,136
Prepays	1,500	1,500
Total Assets	<u>1,438,376</u>	<u>1,396,265</u>
<b>LIABILITIES</b>		
Accounts Payable	-	2,355
Other Payables	15,500	17,600
Total Liabilities	<u>15,500</u>	<u>19,955</u>
<b>NET ASSETS</b>		
Temporarily Restricted	32,940	17,483
Unrestricted	1,389,936	1,358,827
Total Net Assets	<u>1,422,876</u>	<u>1,376,310</u>
Total Liabilities and Net Assets	<u>1,438,376</u>	<u>1,396,265</u>

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, 2016**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues			
Special Events Revenue	\$ 248,556	59,365	307,921
Donations	301,800	116,659	418,459
Grants	-	104,816	104,816
Interest and Dividend Income	70,545	-	70,545
Net Assets Released from Restrictions	265,383	(265,383)	-
Total Public Support and Revenues	886,284	15,457	901,741
Expenses and Losses			
Functional Expenses			
Program Services			
Inclusion (ADA Compliance)	85,595	-	85,595
Accessible Vehicle Support	61,699	-	61,699
General Program Support	19,617	-	19,617
NWSRA Lightning Athletics	44,306	-	44,306
Scholarships	73,783	-	73,783
Capital Improvements	70,195	-	70,195
Total Program Services	355,195	-	355,195
Management and General	132,988	-	132,988
Fundraising	227,800	-	227,800
Total Functional Expenses	715,983	-	715,983
Special Events Direct Expense	139,192	-	139,192
Total Expenses and Losses	855,175	-	855,175
Change in Net Assets	31,109	15,457	46,566
Net Assets - Beginning	1,358,827	17,483	1,376,310
Net Assets - Ending	1,389,936	32,940	1,422,876

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, 2015**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues			
Special Events Revenue	\$ 297,471	57,779	355,250
Donations	264,625	7,335	271,960
Grants	-	77,040	77,040
Interest and Dividend Income	47,511	-	47,511
Net Assets Released from Restrictions	171,002	(171,002)	-
Total Public Support and Revenues	780,609	(28,848)	751,761
Expenses and Losses			
Functional Expenses			
Program Services			
Inclusion (ADA Compliance)	70,494	-	70,494
Accessible Vehicle Support	80,000	-	80,000
General Program Support	39,258	-	39,258
NWSRA Lightning Athletics	51,583	-	51,583
Scholarships	68,665	-	68,665
Total Program Services	310,000	-	310,000
Management and General Fundraising	105,299	-	105,299
Fundraising	168,760	-	168,760
Total Functional Expenses	584,059	-	584,059
Unrealized Loss on Investments	32,052	-	32,052
Special Events Direct Expense	134,877	-	134,877
Total Expenses and Losses	750,988	-	750,988
Change in Net Assets	29,621	(28,848)	773
Net Assets - Beginning	1,329,206	46,331	1,375,537
Net Assets - Ending	1,358,827	17,483	1,376,310

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, 2016 and 2015**

	2016	2015
Cash Flows from Operating Activities		
Received from Donors and Grantors	\$ 474,735	438,387
Dividends and Interest Received	70,545	47,511
Paid to Suppliers and Grantees	(499,033)	(438,004)
	<u>46,247</u>	<u>47,894</u>
Cash Flows from Investing Activities		
Payments for the Purchase of Investments	(33,012)	(129,500)
Net Change in Cash and Cash Equivalents	13,235	(81,606)
Cash and Cash Equivalents - Beginning of Year	<u>226,543</u>	<u>308,149</u>
Cash and Cash Equivalents - End of Year	<u><u>239,778</u></u>	<u><u>226,543</u></u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	<u>46,566</u>	<u>773</u>
Adjustments to Reconcile Operating		
Unrealized Loss on Investments	-	32,052
Provided by (Used In) Operating Activities:		
(Increase) Decrease in Current Assets	4,136	15,364
Increase (Decrease) in Current Liabilities	<u>(4,455)</u>	<u>(295)</u>
Net Cash Provided by Operating Activities	<u><u>46,247</u></u>	<u><u>47,894</u></u>
Noncash Operating Activities		
In-Kind Donated Facilities	35,169	37,990
In-Kind Donated Services	325,428	241,087
In-Kind Expenses	<u>(360,597)</u>	<u>(279,077)</u>
	<u>-</u>	<u>-</u>

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

# **SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS**

## **Notes to the Financial Statements December 31, 2016**

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### **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 Foundation utilizes the accrual method of accounting, which recognizes revenues when earned and expenses when incurred. These financial statements have been prepared to focus on the Foundation as a whole. Balances and transactions are presented according to the existence or absence of donor imposed restrictions. This is accomplished by classifying fund balances and transactions into three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

Permanently restricted net assets – Net assets subject to donor imposed stipulations that they be maintained permanently by the Foundation.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may be met by actions of the Foundation, or by the passage of time.

# **SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS**

## **Notes to the Financial Statements December 31, 2016**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **Basis of Accounting – Continued**

Unrestricted net assets – Net assets not subject to donor imposed stipulations. Revenues are reported in unrestricted net assets, unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation, or by law. Expiration or temporary restrictions on net assets (i.e. the donor imposed stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### **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 a nonprofit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made in the financial statements. With few exceptions, the Foundation is no longer subject to examinations by major tax jurisdictions for tax years 2012 and prior.

#### **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.

# SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

## Notes to the Financial Statements December 31, 2016

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### Cash and Investments – Continued

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 \$239,778 and the bank balances totaled \$237,519.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 5</u>
Corporate Bonds	\$ 89,583	59,903	29,680
Certificate of Deposits	301,754	301,754	-
	<u>391,337</u>	<u>361,657</u>	<u>29,680</u>

In addition to the securities and fair values listed above, the Foundation also has \$805,761 invested in mutual funds.

The Foundation has the following recurring fair value measurements as of December 31, 2016:

- Corporate Bonds of \$89,583 are valued using quoted market prices (Level 1 inputs)
- Mutual Funds of \$805,761 are valued using quoted market prices (Level 1 inputs)
- Certificate of Deposits of \$301,754 are valued using quoted market prices (Level 2 inputs)

## SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS

### Notes to the Financial Statements December 31, 2016

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#### NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

##### Net Asset Restrictions

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	2016	2015
Accessible Vehicles	\$ 12,552	17,483
Hanover Community Center Programming Space/Pursuit Room	20,388	-
Total Temporarily Restricted Net Assets	<u>32,940</u>	<u>17,483</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2016 and 2015:

	2016	2015
Accessible Vehicle Support	\$ 61,699	83,850
Development	-	20,115
Inclusion (ADA Compliance)	85,595	12,921
NWSRA Lightning Athletics	44,306	32,544
Scholarships	73,783	21,572
Total Restrictions Released	<u>265,383</u>	<u>171,002</u>

##### In-Kind Donations

Donated Facilities – The Foundation was allowed to use facilities at no charge to the Foundation during the years ended December 31, 2016 and 2015. Accordingly, contributions have been recorded for the fair value of the facilities of \$35,170 and \$37,990 for the years ending December 31, 2016 and 2015, respectively. These amounts have been included as special events revenue and special events expense on the Statements of Activities.

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 fundraising, 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 \$325,428 and \$241,087 for the years ending December 31, 2016 and 2015, 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, 2016**

	<u>Budget</u>	<u>Actual</u>
Public Support and Revenues		
Special Events Revenue	\$ 286,629	307,921
Donations	51,350	418,459
Grants	83,000	104,816
Interest and Dividend Income	180	70,545
	<u>421,159</u>	<u>901,741</u>
Expenses and Losses		
Functional Expenses		
Program Services		
Inclusion (ADA Compliance)	50,000	85,595
Accessible Vehicle Support	65,000	61,699
General Program Support	50,000	19,617
NWSRA Lightning Athletics	45,000	44,306
Scholarships	75,000	73,783
Capital Improvements	-	70,195
Total Program Services	<u>285,000</u>	<u>355,195</u>
Management and General	23,125	132,988
Fundraising	<u>100,760</u>	<u>227,800</u>
Total Functional Expenses	408,885	715,983
Special Events Direct Expense	<u>-</u>	<u>139,192</u>
Total Expenses and Losses	<u>408,885</u>	<u>855,175</u>
Change in Net Assets	<u>12,274</u>	46,566
Net Assets - Beginning		<u>1,376,310</u>
Net Assets - Ending		<u>1,422,876</u>

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



**SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS**

**Schedule of Functional Expenses  
For the Fiscal Year Ended December 31, 2016**

	Program Services	Management and General	Fundraising	Subtotal Functional Expenses	Special Events Direct Expenses	Total Expenses
<b>Expenses</b>						
Employee Compensation (In-Kind)						
Salaries	\$ -	48,274	112,641	160,915	-	160,915
Payroll Taxes	-	3,693	8,618	12,311	-	12,311
Employee Benefits	-	45,661	106,541	152,202	-	152,202
Total Employee Compensation	-	97,628	227,800	325,428	-	325,428
<b>Other Expenses</b>						
Education and Training	-	873	-	873	-	873
Membership Services	-	1,294	-	1,294	-	1,294
Office Expenses	-	7,322	-	7,322	-	7,322
Postage	-	6,405	-	6,405	-	6,405
Printing	-	2,902	-	2,902	-	2,902
Professional Fees	-	3,775	-	3,775	-	3,775
Public Education and Information	-	12,789	-	12,789	-	12,789
<b>Grants</b>						
Inclusion (ADA Compliance)	85,595	-	-	85,595	-	85,595
Accessible Vehicle Support	61,699	-	-	61,699	-	61,699
General Program	19,617	-	-	19,617	-	19,617
NWSRA Lightning Athletics	44,306	-	-	44,306	-	44,306
Scholarships	73,783	-	-	73,783	-	73,783
Capital Improvements	70,195	-	-	70,195	-	70,195
<b>Special Events Direct Expense</b>						
Food	-	-	-	-	53,683	53,683
Gifts	-	-	-	-	4,163	4,163
In-Kind Rental - Golf Course	-	-	-	-	35,169	35,169
Printing	-	-	-	-	6,695	6,695
Prizes	-	-	-	-	9,270	9,270
Recognition	-	-	-	-	21,018	21,018
Supplies	-	-	-	-	9,194	9,194
Total Other Expenses	355,195	35,360	-	390,555	139,192	529,747
Total Expenses	355,195	132,988	227,800	715,983	139,192	855,175

**SPECIAL LEISURE SERVICES FOUNDATION, ILLINOIS**

**Schedule of Functional Expenses  
For the Fiscal Year Ended December 31, 2015**

	Program Services	Management and General	Fundraising	Subtotal Functional Expenses	Special Events Direct Expenses	Total Expenses
<b>Expenses</b>						
<b>Employee Compensation (In-Kind)</b>						
Salaries	\$ -	47,192	110,114	157,306	-	157,306
Payroll Taxes	-	13,781	32,154	45,935	-	45,935
Employee Benefits	-	11,354	26,492	37,846	-	37,846
Total Employee Compensation	-	72,327	168,760	241,087	-	241,087
<b>Other Expenses</b>						
Education and Training	-	488	-	488	-	488
Membership Services	-	905	-	905	-	905
Office Expenses	-	7,065	-	7,065	-	7,065
Postage	-	3,678	-	3,678	-	3,678
Printing	-	2,955	-	2,955	-	2,955
Professional Fees	-	3,625	-	3,625	-	3,625
Public Education and Information	-	14,256	-	14,256	-	14,256
<b>Grants</b>						
ADA Compliance	70,494	-	-	70,494	-	70,494
Adaptive Vehicles and Equipment	80,000	-	-	80,000	-	80,000
General Program	39,258	-	-	39,258	-	39,258
NWSRA Lightning Athletes	51,583	-	-	51,583	-	51,583
Scholarships	68,665	-	-	68,665	-	68,665
<b>Special Events Direct Expense</b>						
Food	-	-	-	-	50,802	50,802
Gifts	-	-	-	-	2,515	2,515
In-Kind Rental - Golf Course	-	-	-	-	37,990	37,990
Printing	-	-	-	-	3,696	3,696
Prizes	-	-	-	-	9,441	9,441
Recognition	-	-	-	-	20,279	20,279
Supplies	-	-	-	-	10,154	10,154
Total Other Expenses	310,000	32,972	-	342,972	134,877	477,849
Total Expenses	310,000	105,299	168,760	584,059	134,877	718,936