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Northwest Special Recreation Association Rolling Meadows, Illinois

Annual Financial Report

For the Year Ended December 31, 2025

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Special Recreation Association
Rolling Meadows, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Northwest Special Recreation Association (the Association) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund of the Northwest Special Recreation Association as of December 31, 2025, 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.

Emphasis of Matter - Correction of an Error

As noted in Note 11 to the financial statements, the Association corrected errors from the prior period financial statements, which required a restatement of beginning net position. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Association other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information 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.

The supplementary 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich CPA LLC

Naperville, Illinois
May 13, 2026

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

NORTHWEST SPECIAL RECREATION ASSOCIATION, ILLINOIS

Management's Discussion and Analysis
December 31, 2025

Our discussion and analysis of the Northwest Special Recreation Association's (the Association) financial performance provides an overview of the Association's financial activities for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The Association's net position decreased due to this year's operations by $137,758 or 2.8 percent. The decrease is primarily attributable to increased operating expenditures, including higher salary and benefits costs and capital-related expenditures, outpacing revenue growth throughout the year.

- Government-wide revenues totaled $6,786,529, while expenses totaled $6,924,287, resulting in the decrease to net position of $137,758.

- The Association's net position totaled $4,769,791 on December 31, 2025, which included $2,435,498 unrestricted net position that may be used to meet the ongoing obligations to participants and creditors.

- In the Government-Wide Fund, a decrease in fund balance was reported this year of $320,632, resulting in an ending fund balance of $2,324,422, a decrease of 12.1 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Association as a whole and present a longer-term view of the Association's finances. 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 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 budget that is approved by the Board of Directors. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

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.

USING THIS ANNUAL 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 IMRF employee pension liability and budgetary comparison schedule for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The Association's beginning net position for 2025 was restated by $971,026 to correct reporting of capital asset balances, lease liabilities, and compensated absence liabilities. The following tables show that in the case of the Association, assets/deferred outflows exceeded liabilities/deferred inflows by $4,769,791.

	Net Position	
	2025	2024 (As Reported)
Current and Other Assets	$ 3,230,748	3,392,655
Noncurrent Assets	2,852,129	3,045,988
Total Assets	6,082,877	6,438,643
Deferred Outflows	532,203	805,053
Total Assets/ Deferred Outflows	6,615,080	7,243,696
Long-Term Debt	937,524	446,768
Other Liabilities	906,326	881,805
Total Liabilities	1,843,850	1,328,573
Deferred Inflows	1,439	36,548
Total Liabilities/ Deferred Inflows	1,845,289	1,365,121
Net Position		
Investment in Capital Assets	1,991,982	2,773,378
Net Pension Asset	342,311	
Unrestricted	2,435,498	3,105,197
Total Net Position	4,769,791	5,878,575

A portion of the Association's net position, $1,991,982 or 41.7 percent, reflects its investment in capital assets (for example, buildings, vehicles, and equipment). The Association uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The net pension asset represents the Association's share of pension plan assets that exceed the estimated cost of benefits earned by employees to date. The Association reported a net pension asset of $342,311, or 7.2% of net position. This amount is based on long-term estimates and does not represent funds available for spending.

The remaining 51.1 percent, or $2,435,498, 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

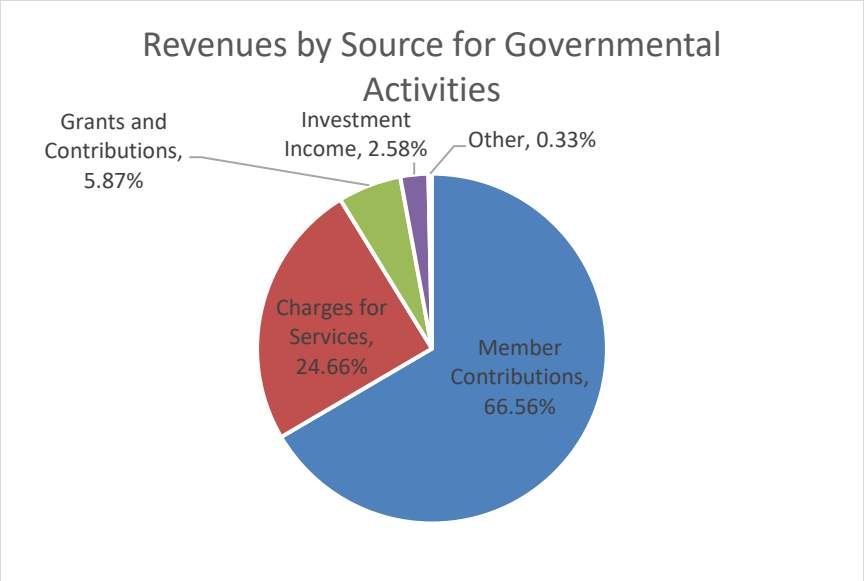
	Changes in Net Position	
	2025	2024 (As Reported)
Revenues		
Program Revenues		
Charges for Services	$ 1,673,717	1,374,070
Operating Grants/Contrib.	398,523	497,200
General Revenues		
Member Contributions	4,516,881	4,406,713
Investment Income	175,100	139,699
Other Income	22,308	
Total Revenues	6,786,529	6,417,682
Expenses		
Special Recreation	6,924,287	6,691,143
Change in Net Position	(137,758)	(273,461)
Net Position - Beginning	5,878,575	6,152,036
Restatement	(971,026)	
Net Position – Beginning (Restated)	4,907,549	6,152,036
Net Position - Ending	4,769,791	5,878,575

Net position of the Association decreased by $137,758, or 2.8 percent, from the restated beginning net position of $4,907,549 to $4,769,791 at December 31, 2025. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled $2,435,498 on December 31, 2025.

Revenues for 2025 totaled $6,786,529, while the cost of all programs totaled $6,924,287. This results in a decrease of $137,758. In 2024, revenues of $6,417,682 were lower than expenses of $6,691,143, resulting in a decrease of $273,461. The Association reported an increase in charges for services of $299,647. The Association reported a decrease in operating grants and contributions of $98,677. Expenses for the 2025 fiscal year increased $233,144, due to an increase in salaries and benefits, and inflation impacting operating costs to run programs. Member contributions increased $110,167 from the prior year to a total of $4,516,881 after a 2.5% increase was approved by the Board of Directors.

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 charges for services to fund programs. It also clearly identifies the less significant percentage the Association receives from operating grants/contributions and other income.



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 $2,324,422, which is $320,632, or 12.1 percent, lower than last year's total of $2,645,054. Of the $2,324,422 total, $229,783, or approximately 9.9 percent, of the fund balance was classified as committed for capital improvements. The assigned fund balance was $2,088,859, or 89.9 percent.

The Association reported a negative change in fund balance for the year primarily due to increased operating costs associated with providing specialized programs and services for participants. Inflationary pressures continued to impact multiple areas of operations, most notably salary and benefits expenses necessary to recruit and retain qualified staff, as well as capital outlay expenditures related to equipment and facility needs. These increased costs significantly affected overall expenditures during the year. Additional details are provided in the Schedule of Revenues, Expenditures, and Changes in Fund Balance.

BUDGETARY HIGHLIGHTS

The Association made no budget amendments during the year. Actual revenues for the year totaled $6,777,219, compared to budgeted revenues of $6,730,918. Grants and contributions and interest income came in higher than budgeted by $6,523 and $51,489 respectively, accounting for a portion of the variance.

Actual expenditures for the year were $49,995 below budget, with expenditures totaling $7,199,869 compared to the budgeted amount of $7,249,864. This variance was primarily the result of lower-than-anticipated expenditures in administration, liability and employee benefits, and capital outlay.

CAPITAL ASSETS

The Association's investment in capital assets as of December 31, 2025, was $2,509,818 (net of accumulated depreciation). This investment in capital assets includes building and improvements, equipment, vehicles, and right of use assets.

	Capital Assets - Net of Depreciation	
	2025	2024
Building and improvements	$ 1,080,310	855,435
Equipment	216,470	245,241
Vehicles	705,835	731,282
Right of use assets	507,203	580,844
Total	2,509,818	2,412,802

The Association's major additions included:

Building and improvements	$ 285,000
Equipment	34,998
Vehicles	119,978
Right of use assets	92,708

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 had the following potential future concerns:

- NWSRA's heavy reliance on funding from its member park districts
- Significant increases in salary and benefit costs for staff
- Funding for capital in future years

To address these concerns, the Association will continue working closely with member park districts regarding long-term funding needs, monitoring staffing and benefit costs, and evaluating operational efficiencies where possible. The Association will also continue long-term capital planning efforts to help prepare for future equipment, vehicle, and facility needs.

At the time these financial statements were prepared and audited, the Association had the following potential future growth:

- Expanded program offerings within our member districts
- Transition to an independently operated adult day program
- Continued development of partnerships and community-based programming opportunities

The Association will continue exploring opportunities to expand and enhance services throughout its member districts in response to participant needs and community demand. Management will also evaluate opportunities to strengthen partnerships, increase accessibility, and support the transition and long-term success of independently operated adult day programming.

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 Northwest Special Recreation Association at 3000 W Central Road, Ste. 205, Rolling Meadows, Illinois, 60008.

BASIC FINANCIAL STATEMENTS

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2025

	Primary Government	Component Unit
	Governmental Activities	Special Leisure Services Foundation
ASSETS		
Current assets		
Cash and investments	$ 2,890,892	$ 1,825,344
Receivables - net of allowance		
Accounts	334,076	1,404
Prepaid items	5,780	13,758
Total current assets	3,230,748	1,840,506
Noncurrent assets		
Net pension asset	342,311	-
Capital assets		
Depreciable, net of accumulated depreciation/amortization	2,509,818	-
Total noncurrent assets	2,852,129	-
Total assets	6,082,877	1,840,506
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	532,203	-
Total deferred outflows of resources	532,203	-
Total assets and deferred outflows of resources	6,615,080	1,840,506
LIABILITIES		
Accounts payable	103,083	17,428
Accrued payroll	172,997	-
Unearned revenue	630,246	18,387
Noncurrent liabilities		
Due within one year	197,777	-
Due in more than one year	739,747	-
Total liabilities	1,843,850	35,815
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF	1,439	-
Total deferred inflows of resources	1,439	-
Total liabilities and deferred inflows of resources	1,845,289	35,815
NET POSITION		
Investment in capital assets	1,991,982	-
Restricted		
Foundation	-	1,804,691
Net pension asset	342,311	-
Unrestricted	2,435,498	-
TOTAL NET POSITION	$ 4,769,791	$ 1,804,691

See accompanying notes to finanical statements.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Component Unit: Special Leisure Services Foundation
PRIMARY GOVERNMENT						
Governmental Activities						
Special recreation	$ 6,923,944	$ 1,673,717	$ 398,523	$ -	$ (4,851,704)	$ -
Interest	343	-	-	-	(343)	-
Total governmental activities	6,924,287	1,673,717	398,523	-	(4,852,047)	-
TOTAL PRIMARY GOVERNMENT	$ 6,924,287	$ 1,673,717	$ 398,523	$ -	(4,852,047)	-
COMPONENT UNIT						
Special Leisure Services Foundation	$ 1,186,521	$ 412,461	$ 798,520	$ -	-	24,460
General Revenues						
Member contributions					4,516,881	-
Investment income					175,100	213,189
Miscellaneous					12,998	-
Gain on sale of capital assets					9,310	-
Total					4,714,289	213,189
CHANGE IN NET POSITION					(137,758)	237,649
NET POSITION, JANUARY 1, AS REPORTED					5,878,575	1,567,042
Restatement for correction of error					(971,026)	-
NET POSITION, JANUARY 1, AS RESTATED					4,907,549	1,567,042
NET POSITION, DECEMBER 31					$ 4,769,791	$ 1,804,691

See accompanying notes to finanical statements.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUND

December 31, 2025

	General
ASSETS	
Cash and investments	$ 2,890,892
Receivables - net of allowance	
Accounts	334,076
Prepaid items	5,780
TOTAL ASSETS	$ 3,230,748
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 103,083
Accrued payroll	172,997
Unearned revenue	630,246
Total liabilities	906,326
FUND BALANCE	
Nonspendable	
Prepaid items	5,780
Committed	
Capital improvements	229,783
Assigned	
General reserves	2,088,859
Total fund balance	2,324,422
TOTAL LIABILITIES AND FUND BALANCE	$ 3,230,748

See accompanying notes to finanical statements.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUND TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2025

FUND BALANCE OF GOVERNMENTAL FUND	$	2,324,422
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 governmental funds		2,509,818
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings recognized as deferred outflows and inflows of resources on the statement of net position		
Illinois Municipal Retirement Fund		530,764
The net pension asset for the Illinois Municipal Retirement Fund is not reported in the governmental funds		342,311
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Notes payable		(5,071)
Leases payable		(430,150)
SBITAs payable		(82,615)
Compensated absences payable		(218,403)
Total OPEB liability		(201,285)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	4,769,791

See accompanying notes to finanical statements.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND

For the Year Ended December 31, 2025

REVENUES	
Member contributions	$ 4,516,881
Program	1,673,717
Grants and contributions	398,523
Investment income	175,100
Miscellaneous income	12,998
Total revenues	6,777,219
EXPENDITURES	
Special recreation	
Administration	550,655
Program	643,095
Salaries	4,481,264
Liability/benefits	836,399
Inclusion services	11,541
Debt service	
Principal	172,474
Interest	343
Capital outlay	504,098
Total expenditures	7,199,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(422,650)
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	9,310
Proceeds from issuance of SBITA	92,708
Total other financing sources (uses)	102,018
NET CHANGE IN FUND BALANCE	(320,632)
FUND BALANCE, JANUARY 1	2,645,054
FUND BALANCE, DECEMBER 31	$ 2,324,422

See accompanying notes to finanical statements.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND	$	(320,632)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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		532,684
Depreciation/amortization expense		(435,668)
The change in the net pension asset and related deferred outflows and inflows for Illinois Municipal Retirement Fund is shown as an increase of pension expense on the statement of activities		77,044
The change in the total OPEB liability and related deferred outflows and inflows for OPEB is shown as an increase of pension expense on the statement of activities		(33,341)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities		
Notes payable		11,920
Leases payable		129,893
SBITA payable		30,661
The issuance of long-term debt is reported as an other financing source in governmental funds, but as an increase in debt outstanding on the statement of activities		(92,708)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Change in compensated absences payable		(37,611)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(137,758)

See accompanying notes to finanical statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Association was formed in 1973 and consists of 17 Park Districts located in the northwest suburbs of Chicago for the purpose of developing specialized recreation and education activities for children and adults who are physically, mentally or emotionally disabled and to share the expense for such programs and services on a cooperative basis.

Each member governmental agency (Member Partner) is party to a cooperative agreement/contract herein after referred to as "the Articles of Agreement." These entities contribute funds based on the extensions of the rate by the County Assessor's Office. These funds are to be forwarded to the Association on a timely basis upon receipt and distribution by the member entities of these funds. Park districts and municipalities contribute to the Association voluntarily, as there are no statutes requiring their specific participation.

Park districts are given their authority to act through the enabling legislation stipulated in Chapter 105: 8-10-1, 105: 8-10-2 and 105: 5-8 of the Illinois Revised Statutes as amended, 1983 (often referred to as the "Park District Code"). Municipalities are given their authority to act through the enabling legislation stipulated in Chapter 24: 11-95-13 and 11-95-14 of the Illinois Revised Statutes as amended, 1983 (often referred to as the "Municipal Code").

The Board of Directors is comprised of one representative from each member entity, selected and duly appointed by the respective member entity. The Board of Directors is notified in writing of any changes that take place in the representation of any member entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The Board of Directors amended and restated its Articles of Agreement on May 22, 2013. Amendments to the Association's Articles of Agreement and Bylaws were introduced for the Board of Directors' consideration that would address member unity and financial stabilization. The Articles of Agreement were subsequently approved by all of the member partners' governing boards.

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. The Association is considered a jointly governed organization of the members pursuant to GASB Statement No. 14. Based upon the criteria set forth in the GASB Statements No. 14 and 61, the Special Leisure Services Foundation is considered a discretely presented component unit.

Discretely Presented Component Unit - 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. The Foundation is included within the reporting entity since the Association has the ability to otherwise access the resources of the Foundation which are entirely held for the benefit of the Association, and the resources held by the Foundation are significant to the Association. Separate financial statements of the Foundation are available by contacting the Administrative Office of the Northwest Special Recreation Association, 3000 W. Central Road, Rolling Meadows, IL 60008.

b. Fund Accounting

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Association. The effect of material interfund activity, if any, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Association considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures, if any, are recorded only when payment is due.

Investment income, operating fees and member services associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Association.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Association occasionally reports unearned/unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Association before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Association has a legal claim to the resources, the liability and/or deferred inflows of resources for unavailable/unearned revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments with a maturity of one year or less when purchased are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. Non-negotiable certificates of deposit, if any, are reported at cost.

The Association categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. The Association does not have any investments at fair value at December 31, 2025.

f. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items using the consumption method.

g. Capital Assets

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., parking lots and similar items), and intangibles (right-of-use) if any, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Association as assets with an initial, individual cost in excess of $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

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

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

Assets	Years
Building	50
Building improvements	20-50
Parking lot	20
Furniture and equipment	5-20
Vehicles	8-18
Right-of-use - leases	3-10
Right-of-use - software	3

Intangible assets represent the Association's right-to-use leased assets and software. Intangible assets, as defined by GASB Statement No. 87, *Leases*, are for leased contracts of nonfinancial assets including buildings and equipment. Intangible assets, as defined by GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are for subscription arrangements of nonfinancial assets. These intangible assets are amortized over the shorter of the lease term or useful life of the intangible asset.

h. Compensated Absences

The Association accrues accumulated unpaid vacation, sick pay and associated employee-related costs when earned (or estimated to be earned) by the employee. 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. Employees earn one sick day per month and can accrue up to 60 days before they cease earning additional sick time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Compensated Absences (Continued)

In accordance with GASB Statement 101, *Compensated Absences*, vested or accumulated vacation and sick leave that is due to employees who have retired or terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and sick leave of governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire balance of vacation leave is recognized as a liability at year end. A liability is recognized for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

i. Long-Term Liabilities

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.

j. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Association's Board of Directors, which is considered the Association's highest level of decision-making authority. Formal actions include resolutions approved by the Board of Directors. Assigned fund balance represents amounts constrained by the Association's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Board of Directors. Any residual General Fund balance is reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Balance/Net Position (Continued)

The Association's flow of funds assumption follows that described in GASB Statement No. 54. This prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Association considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

The Association policy manual states that the assigned fund balance should represent 40% of annual expenses and committed fund balance should represent the amount needed to fund the approved Capital Improvement Plan (CIP) as well as, any approved transfers by the Board of Directors for future capital beyond the current CIP plan.

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

l. Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

Illinois Compiled Statutes (ILCS) and the Association's investment policy authorize the Association to 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, The Illinois Funds and the Illinois Park District Liquid Asset Fund.

It is the policy of the Association to invest 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.

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.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Association's deposits may not be returned to it. The Association's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the Association in the Association's name. Total funds exceeding the deposit insurance limits must have collateral provided as 102% of the fair market value of the net amount of the Association's funds on deposit at each financial institution. At December 31, 2025, all of the Association's deposits were insured and collateralized.

b. Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of an investment. In accordance with its investment policy, the Association limits its exposure to interest rate risk by structuring the portfolio to provide liquidity. The Association's investment policy limits its exposure to interest rate risk by requiring that the investment portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The Association's investment policy does not further limit investment choices besides those authorized under state statute. At year end, the Association's investment in the Illinois Park District Liquid Asset Fund is rated AAAm by Standard and Poor's.

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 requires the Association to invest in a diversified manner and not have undue concentrations in any single investment.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Association will not be able to recover the value of its investments that are in possession of an outside party. The Association's investment policy does not mitigate custodial credit risk for investments. The Association's investment in Illinois Park District Liquid Asset Fund is not subject to custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated/amortized				
None	$ -	$ -	$ -	$ -
Total capital assets not being depreciated/ amortized	-	-	-	-
Capital assets being depreciated/amortized				
Building	1,006,000	-	-	1,006,000
Building improvements	504,339	285,000	-	789,339
Parking lot	71,730	-	-	71,730
Furniture and equipment	595,649	34,998	-	630,647
Vehicles	1,899,743	119,978	135,409	1,884,312
Buildings and equipment	747,261	-	-	747,261
Subscription assets	32,968	92,708	-	125,676
Total capital assets being depreciated/amortized	4,857,690	532,684	135,409	5,254,965

3. CAPITAL ASSETS (Continued)

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation/amortization for				
Building	$ 441,802	$ 20,120	$ -	$ 461,922
Building improvements	221,919	36,419	-	258,338
Parking lot	62,913	3,586	-	66,499
Furniture and equipment	350,408	63,769	-	414,177
Vehicles	1,168,461	145,425	135,409	1,178,477
Buildings and equipment	187,127	133,271	-	320,398
Subscription assets	12,258	33,078	-	45,336
Total accumulated depreciation/amortization	2,444,888	435,668	135,409	2,745,147
Total capital assets being depreciated/amortized, net	2,412,802	97,016	-	2,509,818
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 2,412,802	$ 97,016	$ -	$ 2,509,818

The depreciation/amortization expense of $435,668 was charged to the Special Recreation function on the Statement of Activities.

4. LONG-TERM DEBT

During the year, the following changes occurred in governmental long-term liabilities:

	Beginning Balance, Restated	Additions	Retirements	Ending Balance	Current Portion
Compensated absences*	$ 180,792	$ 37,611	$ -	$ 218,403	$ 43,680
Note payable	16,991	-	11,920	5,071	5,071
Lease liabilities	560,043	-	129,893	430,150	110,784
SBITA liabilities	20,568	92,708	30,661	82,615	38,242
Total OPEB liability	167,944	33,341	-	201,285	-
TOTAL	$ 946,338	$ 163,660	$ 172,474	$ 937,524	$ 197,777

*The amount displayed as additions or reductions represents the net change in the liability.

4. LONG-TERM DEBT (Continued)

Notes Payable

The Association entered into a note payable for the purchase of computer equipment dated April 14, 2022. The note requires an initial payment of $1,122, and 47 monthly payments of $1,022, including interest at 2.97%. The Association paid principal and interest of $11,920 and $343, respectively, during the fiscal year ended December 31, 2025.

Future principal and interest payments for the notes payable are as follows:

Fiscal Year	Principal	Interest
2026	$ 5,071	$ 39
TOTAL	$ 5,071	$ 39

Leases Payable

Lease agreements for the fiscal year ending December 31, 2025 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Vogelei House	$ 207,525	$ -	$ 24,196	$ 183,329	$ 24,898
Space Lease HPPD	34,201	-	16,998	17,203	17,203
Space Lease RMPD	36,916	-	29,445	7,471	7,471
Space Lease WPD	132,018	-	27,253	104,765	28,096
Space Lease MPPD	126,836	-	25,962	100,874	26,888
Equipment	22,547	-	6,039	16,508	6,228
TOTAL	$ 560,043	$ -	$ 129,893	$ 430,150	$ 110,784

The Vogeli House lease requires semiannual payments of $15,000 through January 1, 2027, and semiannual payments of $15,750 commencing July 1, 2027 through January 1, 2032, including interest at an imputed rate of 2.88%.

The HPPD space lease requires annual payments of $17,316 through December 31, 2026, including interest at an imputed rate of 1.205%.

The RMPD space lease requires annual payments of $30,000 through March 31, 2026, including interest at an imputed rate of 2.363%.

The WPD space lease requires annual payments of $30,900 through August 1, 2029, including interest at an imputed rate of 3.049%.

4. LONG-TERM DEBT (Continued)

Leases Payable (Continued)

The MPPD space lease requires annual payments of $30,000 through November 30, 2028, including interest at an imputed rate of 3.511%.

The equipment lease requires monthly payments of $554 through August 9, 2028, including interest at an imputed rate of 3.074%.

Future principal and interest payments for the leases payable are as follows:

Fiscal Year	Principal	Interest
2026	$ 110,784	$ 11,580
2027	89,606	8,692
2028	90,456	5,822
2029	63,845	3,180
2030	29,538	1,962
2031	30,395	1,105
2032	15,526	224
TOTAL	$ 430,150	$ 32,565

SBITA Payable

Software subscription agreements for the fiscal year ending December 31, 2025 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Phone system	$ 20,568	$ -	$ 12,820	$ 7,748	$ 7,748
Registration software	-	92,708	17,841	74,867	30,494
TOTAL	$ 20,568	$ 92,708	$ 30,661	$ 82,615	$ 38,242

The phone system subscription requires monthly payments of $1,123 through July 18, 2026, including interest at an imputed rate of 2.901%.

The registration software subscription requires monthly payments of $2,405 through April 2026, and monthly payments of $2,830 through April 2028, including interest at an imputed rate of 2.872%.

4. LONG-TERM DEBT (Continued)

SBITA Payable (Continued)

Future principal and interest payments for the SBITAs payable are as follows:

Fiscal Year	Principal	Interest
2026	$ 38,242	$ 3,583
2027	33,119	841
2028	11,254	66
TOTAL	$ 82,615	$ 4,490

5. MEMBER CONTRIBUTIONS

Contributions received from members during the 2025 fiscal year were as follows:

Member Park District	Net Contribution
Arlington Heights	$ 577,473
Bartlett	257,978
Buffalo Grove	352,128
Elk Grove	328,454
Hanover Park	145,844
Hoffman Estates	340,727
Inverness	35,488
Mt. Prospect	363,065
Palatine	482,638
Prospect Heights	79,305
River Trails	110,713
Rolling Meadows	175,724
Salt Creek	41,569
Schaumburg	705,386
South Barrington	71,202
Streamwood	178,275
Wheeling	270,912
TOTAL	$ 4,516,881

6. RISK MANAGEMENT

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 1985, the Association has been a member of the Park District Risk Management Agency (PDRMA), a joint risk management pool of park and forest preserve districts 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. Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the Association.

As a member of PDRMA's Property/Casualty Program, the Association is represented on the Property/Liability/Workers' Compensation 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 claim administrator and attorneys in claims investigation 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 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.

On August 1, 1992, the Association became a member of the PDRMA Health Program, a health insurance 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 $300,000. 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.

6. RISK MANAGEMENT (Continued)

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.

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.

7. CONTINGENT LIABILITIES

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.

8. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The Association's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Administration (Continued)

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.

Plan Membership

At December 31, 2024, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	99
Active employees	41
TOTAL	174

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual covered salary to IMRF. The Association is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the fiscal year ended December 31, 2025 was 3.82% of covered payroll.

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Association's net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2024
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Cost of living adjustments	3.00%
Asset valuation method	Fair value

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 the Association's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Association's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Long-Term Expected Rate of Return

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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	33.50%	4.35%
International equity	18.00%	5.40%
Fixed income	24.50%	5.20%
Real estate	10.50%	6.40%
Alternative investments	12.50%	4.85 to 6.25%
Cash equivalents	1.00%	3.60%
TOTAL	100.00%	

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2024	$ 14,254,288	$ 14,281,814	$ (27,526)
Changes for the period			
Service cost	206,663	-	206,663
Interest	1,018,258	-	1,018,258
Difference between expected and actual experience	145,998	-	145,998
Changes in assumptions	-	-	-
Employer contributions	-	54,933	(54,933)
Employee contributions	-	105,190	(105,190)
Net investment income	-	1,201,540	(1,201,540)
Benefit payments and refunds	(625,365)	(625,365)	-
Other (net transfer)	-	324,041	(324,041)
Net changes	745,554	1,060,339	(314,785)
BALANCES AT DECEMBER 31, 2024	$ 14,999,842	$ 15,342,153	$ (342,311)

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2025, the Association recognized pension expense of $8,918. At December 31, 2025, the Association reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 117,496	$ 1,439
Changes in assumption	1,107	-
Net difference between projected and actual earnings on pension plan investments	327,638	-
Contributions after the measurement date	85,962	-
TOTAL	$ 532,203	$ 1,439

$85,962 reported as deferred outflows of resources result from the Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending December 31,	
2026	$ 237,384
2027	449,634
2028	(169,004)
2029	(73,212)
2030	-
Thereafter	-
TOTAL	$ 444,802

8. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

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 net pension liability (asset) of the Association calculated using the discount rate of 7.25% as well as what the Association's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 1,467,087	$ (342,311)	$ (1,402,413)

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the Association provides postemployment health benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Association and can be amended by the Association through its personnel manual. The plan does not issue a separate report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Association provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Association's retirement plans or meet COBRA requirements.

All health care benefits are provided through the Association's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. The Association pays 50% to 100% of the premium of certain retirees until they reach the age of 65. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is removed from the Association's health and life insurance plans.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Membership

At December 31, 2024 (most recent data available), membership consisted of:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	47
TOTAL	47
Participating employers	1

Total OPEB Liability

The Association's total OPEB liability of $201,285 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2025, as determined by an actuarial valuation as of January 1, 2025 actuarial valuation using the Alternative Measurement Method, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2025, including updating the discount rate, as noted below.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Inflation	2.50%
Salary increases	2.50%
Discount rate	4.83%
Healthcare cost trend rates	7.49% to 7.58% Initial, 5.00% Ultimate

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The discount rate used in the determination of the total OPEB liability is based on the municipal bond rate. The municipal bond rate was based on the index rate for 20-year tax exempt general obligation municipal bonds rated AA or better at December 31, 2025.

Mortality rates for IMRF were based on PubG-2010(B) Improved Generationally using MP-2020 Improvement rates, weighted per IMRF Experience Study dated January 4, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT JANUARY 1, 2025	$ 167,944
Changes for the period	
Service cost	43,893
Interest	6,852
Difference between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	(17,404)
Benefit payments	-
Net changes	33,341
BALANCES AT DECEMBER 31, 2025	$ 201,285

Changes in assumption related to the discount rate and healthcare cost trend rates.

Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Association calculated using the discount rate of 4.83% as well as what the Association total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.83%) or 1 percentage point higher (5.83%) than the current rate:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB liability	$ 224,742	$ 201,285	$ 179,867

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Association calculated using the healthcare rate of 5.00% to 7.58% as well as what the Association's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 6.58%) or 1 percentage point higher (6.00% to 8.58%) than the current rate:

	1% Decrease	Current Healthcare Rate	1% Increase
Total OPEB liability	$ 164,108	$ 201,285	$ 248,900

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

For the year ended December 31, 2025, the Association recognized OPEB expense of $33,341. Under GASB Statement No. 75, plans that qualify for the Alternative Measurement Method, changes to the OPEB liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

10. SPECIAL LEISURE SERVICES FOUNDATION

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 the Northwest Special Recreation Association (the Association) and the park districts and municipalities which are partners in the operations of the Association.

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 disabled individuals in economic need to enable them to participate in the Association programs.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

- Scholarships - The Foundation provides financial support to disabled individuals in economic need to enable them to participate in the Association programs.

- Association Lightning Athletics/Paralympics/Unified Sports - The Foundation provides grants to the Association 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 Association.

a. 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.

b. Net Assets

Net assets of the Foundation and changes therein are classified and reported as follows:

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, whereby the donor has stipulated the funds be maintained in perpetuity.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

b. Net Assets (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

c. 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.

d. 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, 2025.

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.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

e. Functional Allocation of Expenses

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

f. Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date. 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.

g. Contributed Revenue

Contribution revenue is recognized when cash, securities or other assets are received. Conditional promises to give, that is, those with a measurable performance or barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

h. Special Events Revenue

Cash received related to events taking place in the future are considered conditional contributions and are recorded as deferred revenue on the statement of financial position until the underlying event takes place, at which time they are recognized as special events revenue on the statement of activities.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

h. Special Events Revenue (Continued)

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. All goods and services are transferred at a point in time. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

i. In-Kind Contributions

Contributed nonfinancial assets include donated professional services and donated use of facilities which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to management and general and fundraising; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

j. Services Received from Personnel of an Affiliate

Employees of an affiliated organization contribute significant amounts of time to our general and administrative services. These services are considered to be services received from personnel of an affiliate and are recorded as net asset transfers in the consolidated statements of activities and as employee compensation expense in the consolidated statements of functional expenses.

k. Deposits and Investments

Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Foundation's deposits may not be returned to it. At December 31, 2025, all of the Foundation's deposits were fully insurance or collateralized.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

k. Deposits and Investments (Continued)

Investments

The Foundation had the following investment fair values and maturities on December 31, 2025:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury	$ 49,955	$ 49,955	$ -	$ -	$ -
Corporate Bonds	29,994	-	29,994	-	-
Negotiable CD's	257,717	106,566	151,151	-	-
TOTAL	$ 337,666	$ 156,521	$ 181,145	$ -	$ -

Investments with a maturity of one year or less when purchased are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. Non-negotiable certificates of deposit, if any, are reported at cost.

The Foundation categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. At December 31, 2025, the U.S. Treasury are Level 1; and the Certificates of Deposits and Corporate Bonds are Level 2.

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of an investment. In accordance with its investment policy, the Foundation limits its exposure to interest rate risk by structuring the portfolio to provide liquidity. The Foundation's investment policy limits its exposure to interest rate risk by requiring that the investment portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The Foundation's investment policy does not further limit investment choices besides those authorized under state statute. At December 31, 2025, the Foundation's investment in the U.S. Treasury are rated Aa1 by Moody's, and the Corporate Bonds are rated A+ by Standard and Poor's. The negotiable CD's are not rated.

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

k. Deposits and Investments (Continued)

Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation's investment policy requires the Foundation to invest in a diversified manner and not have undue concentrations in any single investment.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Association will not be able to recover the value of its investments that are in possession of an outside party. The Foundation's investment policy does not mitigate custodial credit risk for investments.

l. Liquidity and Availability

The following represents the Foundation's financial assets available to meet general expenditures over the next 12 months at December 31, 2025:

Financial assets at year-end	
Cash and cash equivalents	$ 186,968
Investments	1,638,376
Receivables	1,404
Less financial assets with restrictions	(23,987)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT 12 MONTHS	$ 1,802,761

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.

m. Net Asset Restrictions

Net assets with donor restrictions consist of net assets restricted for the following purposes at December 31, 2025:

Booster Club	$ 1,137
Accessible Transportation	21,350
Accessible Greenhouse	1,500
TOTAL	$ 23,987

10. SPECIAL LEISURE SERVICES FOUNDATION (Continued)

m. Net Asset Restrictions (Continued)

The source of net assets released from donor restrictions by incurring expense satisfying the restriction, or by the occurrence of events specified by the donor, was as follows for the year ended December 31, 2025:

NWRSA Lightning Athletes	$	4,388
Booster Club		1,606
Accessible Transportation		12,099
Accessible Greenhouse		50,000
TOTAL	$	68,093

n. In-Kind Donations

For the year ended December 31, 2025, contributed nonfinancial assets recognized within the financial statements included the following:

Donated Facilities - The Foundation was allowed to use facilities at no charge to the Foundation during the year ended December 31, 2025. A contribution and related special events expense was recognized at fair value determined as the amount that would have been charged by the facility to rent such facility. The amount recognized was $55,689 for the year ended December 31, 2025.

Donated Services - The Foundation received services from Association employees, which includes grant/sponsorship writing, event fund-raising, and development coordination. Accordingly, contributions have been recorded at $410,436 at December 31, 2025, which represents the cost paid by the Association to the employees for their time spent on these services for the Foundation. This amount has been included in net asset transfers and management and general expenses and fund-raising expenses in the statement of activities.

11. RESTATEMENT

The Association's beginning balances were adjusted as follows:

	Governmental Activities
NET POSITION, JANUARY 1, 2025, AS PREVIOUSLY REPORTED	$ 5,878,575
Correction of error - capital assets	(605,660)
Correction of error - lease liability	(352,518)
Correction of error - compensated absences liability	(12,848)
Restatement - correction of error	(971,026)
NET POSITION, JANUARY 1, 2025 AS ADJUSTED	$ 4,907,549

The Association had previously reported capital assets below the capitalization threshold and assets which were not owned by the Association. The Association had not reported certain intangible right-of-use assets related to space leases. A correction has been made adjusting beginning balances by $(605,660) to correct the net book value of the Associations capital assets.

The Association had not reported the lease liability associated with certain long-term space leases. A correction has been made adjusting beginning balances by $(352,518) to record the lease liability.

The Association had not reported the liability for certain salary-related payments associated with the compensated absences liability. A correction has been made adjusting beginning balances by $(12,848) to record the compensated absences liability.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Over/(Under) Final Budget
REVENUES			
Member contributions	$ 4,516,881	$ 4,516,881	$ -
Program	1,698,426	1,673,717	(24,709)
Grants and contributions	392,000	398,523	6,523
Investment income	123,611	175,100	51,489
Miscellaneous income	-	12,998	12,998
Total revenues	6,730,918	6,777,219	46,301
EXPENDITURES			
Special recreation			
Administration	626,840	550,655	(76,185)
Program	656,797	643,095	(13,702)
Salaries	4,470,695	4,481,264	10,569
Liability/benefits	898,206	836,399	(61,807)
Inclusion services	12,925	11,541	(1,384)
Capital outlay	584,401	504,098	(80,303)
Debt service			
Principal	-	172,474	172,474
Interest	-	343	343
Total expenditures	7,249,864	7,199,869	(49,995)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(518,946)	(422,650)	96,296
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	400	9,310	8,910
Proceeds from issuance of SBITA	-	92,708	92,708
Total other financing sources (uses)	400	102,018	101,618
NET CHANGE IN FUND BALANCE	$ (518,546)	(320,632)	$ 197,914
FUND BALANCE, JANUARY 1		2,645,054	
FUND BALANCE, DECEMBER 31		$ 2,324,422	

(See independent auditor's report.)

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2025

BUDGETS

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 Directors.

- The budget may be amended by the Board of Directors. There were no budget amendments made during the current year.

- Budgets are adopted on a basis consistent with GAAP.

- All budget authority lapses at the end of the year.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Actuarially determined contribution	$ 256,820	$ 270,801	$ 251,781	$ 198,553	$ 240,292	$ 226,824	$ 203,873	$ 93,882	$ 54,932	$ 85,962
Contributions in relation to the actuarially determined contribution	256,819	270,802	251,781	198,553	240,292	226,824	204,644	93,882	54,933	85,962
CONTRIBUTION DEFICIENCY (Excess)	$ 1	$ (1)	$ -	$ -	$ -	$ -	$ (771)	$ -	$ (1)	$ -
Covered payroll	$ 1,923,745	$ 2,005,934	$ 2,077,397	$ 2,132,686	$ 2,111,528	$ 1,965,550	$ 2,280,462	$ 2,457,653	$ 2,337,546	$ 2,252,942
Contributions as a percentage of covered payroll	13.35%	13.50%	12.12%	9.31%	11.38%	11.54%	8.97%	3.82%	2.35%	3.82%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 19 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.75% to 13.75% compounded annually and postretirement benefit increases of 2.75% compounded annually.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Measurement Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY										
Service cost	$ 200,686	$ 189,383	$ 197,294	$ 185,937	$ 202,871	$ 199,577	$ 174,107	$ 180,034	$ 197,434	$ 206,663
Interest	695,179	750,145	783,706	807,875	848,245	869,591	908,822	934,138	972,598	1,018,258
Changes of benefit terms										
Differences between expected and actual experience	168,795	(144,140)	20,944	14,511	(281,166)	125,936	(212,592)	(25,028)	65,249	145,998
Changes of assumptions	-	-	(274,295)	344,596	-	(129,027)	-	-	2,837	-
Benefit payments, including refunds of member contributions	(319,054)	(333,210)	(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	(534,194)	(600,525)	(625,365)
Net change in total pension liability	745,606	462,178	357,144	923,993	332,625	555,651	356,313	554,950	637,593	745,554
Total pension liability - beginning	9,328,235	10,073,841	10,536,019	10,893,163	11,817,156	12,149,781	12,705,432	13,061,745	13,616,695	14,254,288
TOTAL PENSION LIABILITY - ENDING	$ 10,073,841	$ 10,536,019	$ 10,893,163	$ 11,817,156	$ 12,149,781	$ 12,705,432	$ 13,061,745	$ 13,616,695	$ 14,254,288	$ 14,999,842
PLAN FIDUCIARY NET POSITION										
Contributions - employer	$ 258,410	$ 256,819	$ 270,802	$ 251,781	$ 198,553	$ 240,292	$ 226,824	$ 204,644	$ 93,882	$ 54,933
Contributions - member	87,630	86,569	90,267	93,483	95,971	95,019	88,450	102,922	110,594	105,190
Net investment income	43,664	610,206	1,575,401	(502,079)	1,861,228	1,613,027	2,151,315	(1,791,594)	1,416,997	1,201,540
Benefit payments, including refunds of member contributions	(319,054)	(333,210)	(370,505)	(428,926)	(437,325)	(510,426)	(514,024)	(534,194)	(600,525)	(625,365)
Other (net transfer)	(57,394)	31,587	(197,524)	142,201	(416,581)	69,542	(22,271)	(18,424)	248,555	324,041
Net change in plan fiduciary net position	13,256	651,971	1,368,441	(443,540)	1,301,846	1,507,454	1,930,294	(2,036,646)	1,269,503	1,060,339
Plan fiduciary net position - beginning	8,719,235	8,732,491	9,384,462	10,752,903	10,309,363	11,611,209	13,118,663	15,048,957	13,012,311	14,281,814
PLAN FIDUCIARY NET POSITION - ENDING	$ 8,732,491	$ 9,384,462	$ 10,752,903	$ 10,309,363	$ 11,611,209	$ 13,118,663	$ 15,048,957	$ 13,012,311	$ 14,281,814	$ 15,342,153
EMPLOYER'S NET PENSION LIABILITY / (ASSET)	$ 1,341,350	$ 1,151,557	$ 140,260	$ 1,507,793	$ 538,572	$ (413,231)	$ (1,987,212)	$ 604,384	$ (27,526)	$ (342,311)

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Plan fiduciary net position as a percentage of the total pension liability	86.68%	89.07%	98.71%	87.24%	95.57%	103.25%	115.21%	95.56%	100.19%	102.28%
Covered payroll	$ 1,947,331	$ 1,923,745	$ 2,005,934	$ 2,077,397	$ 2,132,686	$ 2,111,528	$ 1,965,550	$ 2,280,462	$ 2,457,653	$ 2,337,546
Employer's net pension liability as a percentage of covered payroll	68.88%	59.86%	6.99%	72.58%	25.25%	(19.57%)	(101.10%)	26.50%	(1.12%)	(14.64%)

Notes to Required Supplementary Information

2017 - Changes in assumptions related to inflation rates, salary rates and mortality rates.
2018 - Changes in assumptions related to the investment rate of return.
2020 - Changes in assumptions related to inflation rates, salary rates and mortality rates.
2023 - Changes in assumptions related to mortality rates.

(See independent auditor's report.)

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL OPEB LIABILITY								
Service cost	$ 9,801	$ 9,478	$ 10,840	$ 6,132	$ 5,090	$ 46,539	$ 51,680	$ 43,893
Interest	16,997	17,669	13,289	7,077	5,740	6,723	8,032	6,852
Changes in benefit terms	-	-	-	-	-	-	-	
Differences between expected and actual experience	-	-	(189,190)	-	(80,267)	-	(78,553)	-
Changes in assumptions	(36,365)	80,208	56,014	(53,718)	(28,448)	12,391	(59,604)	(17,404)
Benefit payments, including refunds of member contributions	(53,998)	(52,009)	(54,928)	(29,368)	-	-	-	-
Net change in total OPEB liability	(63,565)	55,346	(163,975)	(69,877)	(97,885)	65,653	(78,445)	33,341
Total OPEB liability - beginning	520,692	457,127	512,473	348,498	278,621	180,736	246,389	167,944
TOTAL OPEB LIABILITY - ENDING	$ 457,127	$ 512,473	$ 348,498	$ 278,621	$ 180,736	$ 246,389	$ 167,944	$ 201,285
Covered-employee payroll	$ 2,056,493	$ 2,107,905	$ 2,160,603	$ 2,214,618	$ 2,269,983	$ 2,326,733	$ 2,376,745	$ 2,252,994
Employer's total OPEB liability as a percentage of covered-employee payroll	22.23%	24.31%	16.13%	12.58%	7.96%	10.59%	7.07%	8.93%

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions

2018 through 2024 - changes in assumptions related to the discount rate.
2025 - changes in assumptions related to the discount rate and healthcare cost trend rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Over/(Under) Final Budget
SPECIAL RECREATION			
Administration			
Professional fees	$ 46,083	$ 68,279	$ 22,196
Office supplies	6,485	6,526	41
Credit card and bank fees	28,735	30,469	1,734
Postage	3,919	3,620	(299)
Telephone/fax	21,816	21,985	169
Conference/education	35,589	46,086	10,497
Membership dues	21,982	13,672	(8,310)
Maintenance/utilities	56,384	53,058	(3,326)
Rent	182,251	57,709	(124,542)
Audit	12,510	13,000	490
Computer contracts	172,529	199,258	26,729
Payroll processing	432	2,837	2,405
Car/phone allowance	26,040	25,239	(801)
Onboarding/hiring	8,905	6,836	(2,069)
Miscellaneous	3,180	2,081	(1,099)
Total administration	626,840	550,655	(76,185)
Program			
Program rental - municipal	37,059	29,093	(7,966)
Program rental - commercial	127,709	134,400	6,691
Program development	3,600	2,961	(639)
Program expendable supplies	217,983	224,658	6,675
Mileage	30,300	24,657	(5,643)
Transportation - maintenance	114,164	115,808	1,644
Transportation - gasoline	68,000	63,252	(4,748)
Program printing	33,810	29,705	(4,105)
Public awareness	22,622	16,099	(6,523)
Staff support	1,550	2,462	912
Total program	656,797	643,095	(13,702)

This schedule is continued on the following page.

NORTHWEST SPECIAL RECREATION ASSOCIATION
ROLLING MEADOWS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Over/(Under) Final Budget
SPECIAL RECREATION (Continued)			
Salaries			
Full-time	$ 2,529,292	$ 2,389,135	$ (140,157)
Part-time	990,360	1,120,197	129,837
Inclusion	951,043	971,932	20,889
Total salaries	4,470,695	4,481,264	10,569
Liability/benefits			
Liability/PDRMA insurance	90,216	92,248	2,032
Health insurance	369,539	304,523	(65,016)
FICA	335,895	332,469	(3,426)
IMRF	95,556	85,962	(9,594)
Unemployment	7,000	21,197	14,197
Total liability/benefits	898,206	836,399	(61,807)
Inclusion expenses	12,925	11,541	(1,384)
Debt service			
Principal	-	172,474	172,474
Interest	-	343	343
Total debt service	-	172,817	172,817
Capital outlay	584,401	504,098	(80,303)
TOTAL EXPENDITURES	$ 7,249,864	$ 7,199,869	$ (49,995)

(See independent auditor's report.)