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swallow*

ROTARY INTERNATIONAL DISTRICT 7090

Financial Statements

June 30, 2013



ROTARY INTERNATIONAL DISTRICT 7090

Financial Statements

June 30, 2013

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Crawford, Smith and Swallow
Chartered Accountants LLP

1567 Highway 55
Niagara-on-the-Lake, Ontario
Telephone (905) 468-7836
Facsimile (905) 468-7909

*crawford
smith &
swallow*

Mailing Address:
P.O. Box 929
Virgil, Ontario
L0S 1T0

Offices in:
Niagara Falls, Ontario
St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

To the Members of Rotary International District 7090

We have audited the accompanying financial statements of Rotary International District 7090, which comprise the financial position as at June 30, 2013, and the statements of operations and fund balances, restricted funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from its members in the form of dinner, training, and conference fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures for the year, and fund balances.

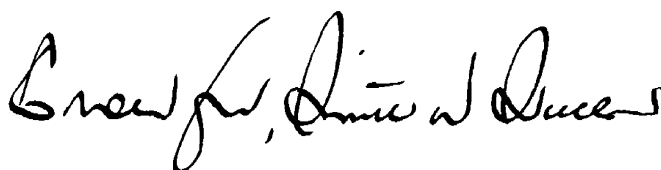
Rotary International District 7090 controls the operations of Rotary District 7090 Youth Exchange Inc. as disclosed in note 4. We were unable to obtain sufficient appropriate audit evidence about the activities of Rotary District 7090 Youth Exchange Inc. for the year ended June 30, 2013 because an audit was not conducted on their records. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rotary International District 7090 as at June 30, 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that Rotary International District 7090 adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012, with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at June 30, 2012 and July 1, 2011, and the statements of operations, changes in fund balances and cash flows for the year ended June 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



Niagara-on-the-Lake, Ontario
October 23, 2013

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF FINANCIAL POSITION

June 30, 2013

(stated in U.S. \$)

Assets	2013	2012
	\$	\$
Current Assets		
Cash	265,296	258,100
Restricted cash	4,374	4,374
Accounts receivable	11,515	15,853
Prepaid expenses	16,421	10,940
	297,606	289,267
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	42,097	38,984
Deferred revenue - note 5	1,142	
	43,239	38,984
Fund Balances		
Restricted funds	4,374	4,374
Unrestricted funds	249,993	245,909
	254,367	250,283
	297,606	289,267

Signed on behalf of the board:

_____ District Governor

_____ District Treasurer

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF RESTRICTED FUNDS

for the year ended June 30, 2013

(stated in U.S. \$)

	District History \$	Manual of Procedure \$	2013 \$	2012 \$
Balance, Beginning of Year	3,486	888	4,374	7,109
Transfers to General Fund				(2,735)
Balance, End of Year	3,486	888	4,374	4,374

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF OPERATIONS AND FUND BALANCES

for the year ended June 30, 2013

(stated in U.S. \$)

	Unaudited Budget \$	2013 \$	2012 \$
Revenue			
District Conference	45,000	43,478	31,253
District Governor - note 6	15,700		
Assistant Governors	1,600		
District Simplified Grants	24,900	24,900	24,800
Grant management seminar		4,380	
Insurance assessment revenue	34,100	32,794	26,405
Interest and other	1,100	2,113	531
Membership dues	81,700	78,850	88,098
PETS and District Assembly	39,000	37,110	38,232
Public relations and communication		11,515	13,390
Rotary Foundation Dinner	14,000	10,660	
Rotary Leadership Institute	5,000	1,820	5,969
RYLA	32,000	34,135	33,177
Seminar training	200	371	
Slapshot	23,000	28,325	22,517
	317,300	310,451	284,372
Expenses			
Administration - schedule 1	27,100	23,113	25,503
Directors and committees - schedule 1	26,400	30,841	26,639
District Conference	45,000	37,832	29,059
District Governor - note 6	15,700		
District Simplified Grants	24,900	25,012	24,729
Foreign exchange loss		1,127	5,262
Grant management seminar		5,251	
PETS and District Assembly	41,000	34,791	30,710
Rotary Foundation Dinner	14,000	10,400	
Rotary Leadership Institute	5,000	1,620	4,159
RYLA	32,000	34,774	31,212
Seminar training	200	692	486
Slapshot	23,000	28,084	23,832
Standing committees - schedule 1	39,100	37,824	37,166
Training - schedule 1	36,700	35,006	25,954
	330,100	306,367	264,711
Excess (Deficiency) of Revenue over Expenses for the Year	(12,800)	4,084	19,661
Unrestricted Fund Balance, Beginning of Year	245,909	245,909	223,513
Transfers from Restricted Funds			2,735
Unrestricted Fund Balance, End of Year	233,109	249,993	245,909

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF CASH FLOWS

for the year ended June 30, 2013

(stated in U.S. \$)

	2013	2012
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	4,084	19,661
Changes in working capital components		
Accounts receivable	4,338	(2,041)
Prepaid expenses	(5,481)	(9,166)
Accounts payable and accrued liabilities	3,113	7,014
Deferred revenue	1,142	
Funds provided (used) by operating activities	3,112	(4,193)
Increase in Cash Position	7,196	15,468
Cash Position, Beginning of Year	262,474	247,006
Cash Position, End of Year	269,670	262,474
Cash Position		
Cash	265,296	258,100
Restricted cash	4,374	4,374
	269,670	262,474

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2013

(stated in U.S. \$)

Organization

Rotary International District 7090 (the District) is comprised of Rotary Clubs located in Western New York, U.S.A. and Southern Ontario, Canada. The purpose of the District is as follows:

General

Collection of monies from local clubs to be used by the District Governor in order to provide leadership advice and assistance to the various clubs.

District Conference

Host an annual event attended by Rotarians, spouses and guests at which the attendees share fellowship and learn about various Rotary activities.

RYLA

Rotary Youth Leadership Awards (RYLA) is an annual session at which young adults ages 19 - 25 are provided with a week of leadership training.

District Assembly

District Assembly is a program to train and inform club officers of the various Rotary Clubs in the District.

PETS

President Elect Training Sessions (PETS) is a program to train and inform club presidents-elect of the Rotary Clubs in the District.

Rotaract and Interact

The purpose of this program is to assist Clubs to establish and maintain Rotaract and Interact clubs in colleges and high schools, respectively. These clubs provide an opportunity for students to become involved in community and international activities in association with Rotary.

Slapshot

Student Leadership Award Program for Students High on Training (SLAPSHOT) is an annual session at which young adults ages 16 - 18 are provided with a week of leadership training.

Rotary Leadership Institute

The Rotary Leadership Institute was founded to assist in improving the Rotary knowledge and leadership skills of the future leaders of the Rotary clubs.

District Simplified Grants

District Simplified Grants are a tool for Rotary districts to support short-term, humanitarian projects that benefit a community. Districts request a portion of their District Designated Fund for a grant to support one or multiple projects locally or internationally.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2013

(stated in U.S. \$)

1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Revenue recognition

Revenue is recognized in the fiscal year to which it applies. Accordingly, receivables are recorded for dues or fees uncollected as of the end of the fiscal year. Revenue applicable to a future period is recognized when earned.

The work of the organization is dependent on the voluntary service of many members. Since these services are not normally purchased by the organization and because of the difficulty of determining their value, contributed services are not recognized in these financial statements.

Foreign currency translation

These financial statements are presented in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Gains and losses on translation are reflected in net earnings of the period.

Financial instruments

The organization's financial instruments consist of cash, accounts receivable and accounts payable. Cash is measured at fair value. Accounts receivable and accounts payable are initially measured at fair value on acquisition and are subsequently measured at amortized cost.

Tax status

The District is a subordinate unit of Rotary International and is covered by a blanket exemption from U.S. federal income tax under Section 501(c)(4) of the Internal Revenue Code as a social welfare organization. The letter of determination from the IRS was dated May 13, 1958, and that status still remains.

Fund accounting

The organization uses the restricted fund method to account for revenues and expenses. The Board of Directors has internally restricted resources for the purposes of updating and publishing a triennial District 7090 history and publishing the District's Manual of Procedure every fifth year. The District also operates a general fund for all other activities.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2013

(stated in U.S. \$)

2. Adoption of the New Accounting Standards For Not-for-Profit Organizations

Effective July 1, 2012, the organization adopted requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the organization's first financial statements prepared in accordance with these accounting standards for not-for-profit organizations and the transitional provisions of Section 1501, First-time Adoption by Not-for-Profit Organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in note 1, significant accounting policies, have been applied in preparing the financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and in the preparation of an opening statement of financial position at July 1, 2011 (the organization's date of transition), see Schedule 2.

The organization issued financial statements for the year ended June 30, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Part V, Pre-changeover Accounting Standards. The adoption of accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the organization and, accordingly, no adjustments have been recorded in the comparative statement of financial position, or the statements of operations and fund balances, statements of restricted funds and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of accounting standards for not-for-profit organizations.

3. Financial Instruments

The organization is exposed to the following risk:

Price risk and cash flow risk

The organization has assets and liabilities denominated in both U.S. and Canadian currency that fluctuate in value as current exchange rates change. Accordingly, the organization is exposed to price risk as exchange rates fluctuate.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2013

(stated in U.S. \$)

4. District Designated Funds

In addition to District Simplified Grants included in revenue, Rotary International disbursed District Designated Funds on behalf of District 7090 as follows:

	2013	2012
	\$	\$
Matching Grants	31,458	48,500
Ambassadorial Scholarship	27,000	26,000
Polio Plus Fund	25,325	25,000
Rotary Centres for International Studies	25,000	25,000
Other	5,000	6,125
	113,783	130,625

5. Deferred Revenue

Deferred revenue is amounts received for the District Conference to be held in October 2013.

6. District Governor

The Rotary International District Governor allotment is paid directly to the District Governor. The District Governor may elect to have the District administer these funds on his or her behalf by transferring the funds to the District. The 2012/2013 District Governor elected to receive and disburse these funds personally.

7. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current year financial statement presentation.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2013

(stated in U.S. \$)

8. Controlled Entities

The Board of Directors of Rotary District 7090 Youth Exchange Inc. has members in common with District Council of Rotary District 7090. Since the financial statements have not been consolidated, the financial summaries of Rotary District 7090 Youth Exchange Inc., as at June 30, are as follows:

Financial Position	Unaudited 2013 \$	Unaudited 2012 \$
Total Assets	21,032	13,080
Total Liabilities		(3,980)
Net Assets	21,032	17,060
	21,032	13,080
Results of Operations	Unaudited 2013 \$	Unaudited 2012 \$
Total revenues	47,932	50,910
Total expenses	43,960	47,225
Excess of Revenues over Expenses	3,972	3,685
Results of Cash Flows	Unaudited 2013 \$	Unaudited 2012 \$
Fund provided (used) by operations	9,775	(1,196)

Rotary District 7090 Youth Exchange Inc. was incorporated in New York State in 2008 and is exempt from U.S. federal income tax under Section 501(3)(c) of the Internal Revenue Code.

The purpose of Youth Exchange is to give high school aged students the opportunity to live in a foreign country for one year. At the same time, foreign students spend one year with local families approved by Rotary District 7090 Youth Exchange Inc.

ROTARY INTERNATIONAL DISTRICT 7090

Schedule 1

SCHEDULE OF EXPENSES

for the year ended June 30, 2013

(stated in U.S. \$)

	Unaudited Budget \$	2013 \$	2012 \$
Administration			
Assistant Governors	1,600		
District Council	2,800	2,547	2,800
Office, website maintenance and other	22,700	20,566	22,703
	27,100	23,113	25,503
Directors and Committees			
Group Study Exchange	1,500	1,417	1,245
Other	5,900	2,055	2,318
Public relations and communication	16,000	26,289	22,202
Rotary Foundation	2,800	1,080	437
Scholarships	200		200
World Community Service			237
	26,400	30,841	26,639
Standing Committees			
Council on Legislation		569	
Finance and audit	5,000	5,000	5,000
Insurance	34,100	32,255	32,166
	39,100	37,824	37,166
Training			
District Governor	11,000	10,526	11,981
District Governor Elect	11,000	8,995	6,476
District Governor Nominee	4,000	3,803	3,218
Assistant Governors	1,000		
District training	7,000	7,293	2,827
CRCID	700		678
Awards and recognition	2,000	4,389	774
	36,700	35,006	25,954

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

Schedule 2

**OPENING STATEMENT OF FINANCIAL POSITION RESTATED ON
ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT
ORGANIZATIONS**

July 1, 2011

Assets	As Reported \$	Effect of Transition \$	As Restated \$
Current Assets			
Cash	239,897		239,897
Restricted cash	7,109		7,109
Accounts receivable	13,812		13,812
Prepaid expenses	1,774		1,774
	262,592		262,592
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	31,970		31,970
Fund Balances			
Restricted funds	7,109		7,109
Unrestricted funds	223,513		223,513
	230,622		230,622
	262,592		262,592

See accompanying notes