

New York Rotary Foundation of The Rotary Club of New York

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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NEW YORK ROTARY FOUNDATION OF THE ROTARY CLUB OF NEW YORK

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To the Board of Trustees
New York Rotary Foundation of the Rotary Club of New York

We have audited the accompanying statements of financial position of New York Rotary Foundation of the Rotary Club of New York (a nonprofit organization) as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Rotary Foundation of the Rotary Club of New York as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Martin J. Levenson, LLP

August 7, 2019

NEW YORK ROTARY FOUNDATION OF THE ROTARY CLUB OF NEW YORK
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	6/30/2019	6/30/2018
<i>ASSETS</i>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,719	\$ 28,174
Investments	<u>1,622,407</u>	<u>777,101</u>
<i>Total Assets</i>	<u><u>\$ 1,684,126</u></u>	<u><u>\$ 805,275</u></u>
 <i>LIABILITIES AND NET ASSETS</i>		
NET ASSETS		
Unrestricted	1,674,126	795,275
Temporarily Restricted	-	-
Permanently Restricted	<u>10,000</u>	<u>10,000</u>
Total Net Assets	1,684,126	805,275
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 1,684,126</u></u>	<u><u>\$ 805,275</u></u>

NEW YORK ROTARY FOUNDATION OF THE ROTARY CLUB OF NEW YORK
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	YEAR ENDED 6/30/19			YEAR ENDED 6/30/18				
	Unrestricted	Temporarily Unrestricted	Permanently Restricted	Total	Unrestricted	Temporarily Unrestricted	Permanently Restricted	Total
REVENUE AND SUPPORT:								
Annual fund drive	\$ 1,048,346	\$ -	\$ -	\$ 1,048,346	\$ 40,219	\$ -	\$ -	\$ 40,219
Investment income	46,018	-	-	46,018	17,525	-	-	17,525
Realized gain(loss) on investments	5,745	-	-	5,745	57,548	-	-	57,548
Total Revenue and Support	\$ 1,100,109	\$ -	\$ -	\$ 1,100,109	\$ 115,292	\$ -	\$ -	\$ 115,292
EXPENDITURES								
Grants	121,898	-	-	121,898	77,588	-	-	77,588
Administrative	96,000	-	-	96,000	15,000	-	-	15,000
Special events and fundraising	3,358	-	-	3,358	1,723	-	-	1,723
Professional fees	4,500	-	-	4,500	4,500	-	-	4,500
Investment fees	14,119	-	-	14,119	10,434	-	-	10,434
Miscellaneous	-	-	-	-	125	-	-	125
Total Expenses	\$ 239,876	\$ -	\$ -	\$ 239,876	\$ 109,370	\$ -	\$ -	\$ 109,370
REVENUE & SUPPORT LESS EXPENSES	\$ 860,233	\$ -	\$ -	\$ 860,233	\$ 5,923	\$ -	\$ -	\$ 5,923

NEW YORK ROTARY FOUNDATION OF THE ROTARY CLUB OF NEW YORK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	YEAR ENDED 6/30/2019	YEAR ENDED 6/30/2018
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Change in statement of activities	\$ 860,233	\$ 5,923
Adjustments to reconcile change in statement of activities to net cash provided by operating activities:		
<i>Net Cash provided by (Used in) Operating Activities</i>	\$ 860,233	\$ 5,923
 <i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investments	\$ (3,006,476)	\$ (268,555)
Proceeds from sale of investments	2,194,229	317,850
Conversion of unrealized gain to realized gain	(14,441)	(48,146)
<i>Net Cash provided by (Used in) Investing Activities</i>	\$ (826,688)	\$ 1,149
<i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i>	\$ 33,545	\$ 7,071
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	28,174	21,103
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	\$ 61,719	\$ 28,174

NEW YORK ROTARY FOUNDATION
OF THE ROTARY CLUB OF NEW YORK

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – ORGANIZATION:

New York Rotary Foundation of the Rotary Club of New York (the “Foundation”) is a not-for-profit organization whose humanitarian programs fund the International Rotary Club and Rotary District projects to improve the quality of life, providing healthcare, clean water, food, education, and other essentials needs, primarily in the developing areas of the world.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The statement of cash flows is presented using the indirect method. Cash and cash equivalents consist of checking and money market accounts. The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value based on quoted market prices. Interest income is reported as earned. Change in the fair value of investments is reported in the statement of activities as net unrealized gain or loss.

Contributions

Contributions received are reported as restricted support or unrestricted support, distinguishing between contributions received with permanent restrictions, temporary restrictions, and without donor-imposed restrictions. Temporarily restricted net assets were \$0 at both June 30, 2019 and 2018. At June 30, 2019 and 2018 permanently restricted net asset totaled \$10,000.

Income Taxes

The Foundation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

NOTE 3 – INVESTMENTS:

Investments consist of mutual funds and fixed income securities with fair market value of \$1,622,407 and \$777,101 at June 30, 2019 and 2018, respectively. Cash in the amount of \$61,719 in a Merrill Lynch account is classified as cash for financial statement purposes at June 30, 2019. Cash in the amount of \$6,883 in a Wells Fargo account is classified as cash for financial statement purposes at June 30, 2018. Investment income consists of interest and dividends totaling \$46,018 and \$17,525 and realized capital gains (losses) of \$5,745 and \$57,548 for the years ended June 30, 2019 and 2018. Unrealized gains (losses) were \$18,618 and \$(21,619) for the years ended June 30, 2019 and 2018.

NEW YORK ROTARY FOUNDATION
OF THE ROTARY CLUB OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

NOTE 4 – FAIR VALUE MEASUREMENTS:

Authoritative guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets for liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3

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

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

The following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of deposit are valued at the associated carrying value of the deposit.

Corporate stocks and government securities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are valued at the net asset value of the units reported on the active market on which the individual securities are traded.

NEW YORK ROTARY FOUNDATION
OF THE ROTARY CLUB OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED):

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

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value as of June 30, 2019 and 2018:

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Corporate Stock/Bonds	516,009	-	-	516,009
Mutual Funds	922,775	-	-	922,775
Government Securities	183,623	-	-	183,623
	<u>\$ 1,622,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,622,407</u>
<u>2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Corporate Stock/Bonds	-	-	-	-
Mutual Funds	777,101	-	-	777,101
Government Securities	-	-	-	-
	<u>\$ 777,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,101</u>

NEW YORK ROTARY FOUNDATION
OF THE ROTARY CLUB OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

NOTE 5 – GRANTS:

The following community service grants were made during the fiscal years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Angels International	1,000	-
Books For Kids	5,000	-
Boy Scouts	7,500	-
Burundi Computers	250	250
Childhood Cancer Society	10,000	5,000
CDRS	-	30,738
Fireman's Recognition Day	4,000	1,000
Foundation Revival Classical Music	500	-
Fratemite Notre Dame	3,350	3,500
Gift of Life	10,000	-
Girls Education Mentoring	15,000	-
Group Study Exchange	444	-
Policeman's Recognition Day	1,500	1,000
Rotary Club of Houston	-	25,000
Rotary Club of Mayaguez	20,000	-
Rotoract	900	600
Rotary International Foundation	17,535	-
RYLA	2,919	-
Snug Harbor 9/11 Gardens Project	3,000	-
Techie Youth Project	10,000	5,000
Turkish Dialysis Project	-	500
Volunteers of America	2,500	-
Women In Need	6,500	-
YMCA	-	5,000
	<u>\$ 121,898</u>	<u>\$ 77,588</u>

NEW YORK ROTARY FOUNDATION
OF THE ROTARY CLUB OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS:

In 2004, publicly traded securities with a value of \$10,000 was gifted to the Foundation to establish an endowment that would award at least one full or partial scholarship each year to a high school student selected to attend the Columbia University Summer Program.

The Foundation's annual distribution of scholarships shall be equal to five percent of the principal on deposit as of the thirty-first day of December of the calendar year preceding the award, or the actual earnings of the calendar year preceding the award year, whichever is less. The endowment shall also pay a one percent annual administration fee to the Foundation.

The original \$10,000 gift is a permanently restricted net asset. Investment earnings and unrealized gains are classified as temporarily restricted net assets and are released to unrestricted net assets when expenses satisfying the purpose have been incurred.

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies for the years ended June 30, 2019 and 2018.

NOTE 7 – RELATED PARTY TRANSCATIONS:

The Foundation is related to Rotary Club of New York (the "Club") through overlapping management. In 2019, the Foundation paid \$96,000 to the Club for accounting, clerical, and executive director services. In 2018, the amount was \$15,000 for these same services.

NOTE 8 – SPECIAL EVENTS:

The Foundation held no special events during the year ended June 30, 2019 and no special events during the year ended June 30, 2018.

Fundraising costs of \$3,358 in miscellaneous fundraising costs were incurred during the year ended June 30, 2019 and \$1,723 in miscellaneous fundraising costs was incurred during the year ended June 30, 2018.

NOTE 9 – SUBSEQUENT EVENTS:

Management has evaluated events through the date of the independent accountant's review report, the date the financial statements were available to be issued, and determined that there are no subsequent events requiring recording or disclosure in the financial statements.