

Rotary International District 5000

(A Nonprofit Organization)

Financial Statements – Cash Basis and

Accountant's Review Report

June 30, 2019

Rotary International District 5000

(A Nonprofit Organization)

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Independent Accountant's Review Report

To the Finance Committee
Rotary International District 5000

I have reviewed the accompanying financial statements of Rotary International District 5000 (a nonprofit organization) which comprise the statement of assets, liabilities and net assets - cash basis as of June 30, 2019, and the related statements of revenue and expenses and changes in net assets - cash basis, and of functional expenses – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Tamer P. Hasselmann, CPA, LLC". The signature is written in a cursive, flowing style.

Honolulu, Hawaii
September 24, 2019

Rotary International District 5000
(A Nonprofit Organization)
Statement of Assets, Liabilities and Net Assets - Cash Basis
June 30, 2019

Assets	
Current Assets	
Cash and Time Certificates of Deposit	
District 5000 Conference Accounts	\$ 14,570
District Grants Operating Account	2,209
Global Grant Operating Account	5,761
District 5000 Operating Account	29,652
District 5000 Operating Account 2	10,002
Time certificates of deposit	139,076
Total current assets	201,270
Loans Receivable	40,000
Total assets	<u>\$ 241,270</u>
Liabilities and Net Assets	
Liabilities	\$ -
Net Assets	<u>241,270</u>
Total liabilities and net assets	<u>\$ 241,270</u>

See accompanying notes and independent accountant's review report.

Rotary International District 5000**(A Nonprofit Organization)****Statement of Revenues and Expenses and Changes in Net Assets - Cash Basis**
Year Ended June 30, 2019

Support and Revenue

Membership Dues	\$	98,336
District Meetings and Assemblies		94,178
District Grants Program		116,736
Global Grants Program		27,787
Special events		
Dinner ticket sales	7,330	
Dinner event expenses	(9,781)	
Silent auction proceeds	5,307	2,856
Support from Rotary International for		
District Governor expenses		13,612
Other grants and donations		10,439
Other		1,800
		<hr/>
Total support and revenue		365,744

Expenses

District Governor	19,598
District Governor Elect	36,435
District Governor Nominee	6,570
Immediate Past District Governor	1,865
Grants Programs	148,084
District Meetings and Assemblies	97,690
Other District Programs	31,010
Management and general	17,183
	<hr/>
Total expenses	358,435

Change in net assets 7,309

Net assets

Beginning of year	233,961
End of year	<hr/>
	\$ 241,270

See accompanying notes and independent accountant's review report.

Rotary International District 5000
(A Nonprofit Organization)
Statement of Functional Expenses - Cash Basis
Year Ended June 30, 2019

	District Governor	District Governor Elect	District Governor Nominee	Immediate Past Governor	Grants Programs	District Meetings/ Assemblies	Other District Programs	Total Programs	Management and General	Total
Airfare	\$ 8,624	\$ 14,791	\$ 3,458	\$ 874	\$ -	\$ -	\$ 2,995	\$ 30,742	\$ 1,612	\$ 32,354
Accomodations	4,047	3,510	190	567	-	4,400	-	12,714	-	12,714
Registration/Meals	1,714	13,143	2,808	424	-	69,708	-	87,797	-	87,797
Ground Transportation	849	68	-	-	-	517	-	1,434	-	1,434
Printing/Supplies	2,221	418	114	-	-	-	1,588	4,341	4,100	8,441
Communications	-	-	-	-	-	-	-	-	2,926	2,926
Entertainment	-	-	-	-	-	6,364	-	6,364	-	6,364
Bank Fees	-	-	-	-	-	-	-	-	1,660	1,660
Professional Fees	-	-	-	-	-	-	-	-	6,885	6,885
Facility rental	2,143	3,119	-	-	-	10,832	974	17,068	-	17,068
Grants to Others	-	-	-	-	148,084	-	10,450	158,534	-	158,534
Other	-	1,386	-	-	-	5,869	15,003	22,258	-	22,258
Total	<u>\$ 19,598</u>	<u>\$ 36,435</u>	<u>\$ 6,570</u>	<u>\$ 1,865</u>	<u>\$ 148,084</u>	<u>\$ 97,690</u>	<u>\$ 31,010</u>	<u>\$ 341,252</u>	<u>\$ 17,183</u>	<u>\$ 358,435</u>

See accompanying notes and independent accountant's review report.

Rotary International District 5000
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2019

1. Organization and Summary of Significant Accounting Policies

District 5000 (the “District”) of Rotary International is a geographical territory comprising the State of Hawaii in which its member clubs are associated for administrative purposes. Rotary International District 5000 (the “Organization”) is a 501(c)(4) organization formed for the purpose of helping the District 5000 member clubs advance the Object of Rotary. Its primary source of funding is membership dues. Major activities include district conferences, meetings, assemblies and similar events.

Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting, consistent with the basis of accounting utilized for IRS Form 990 reporting. Under this method revenues are recognized when collected, expenses are recognized when paid, and assets and liabilities are recognized only if they arise from cash transactions. Accordingly, the accompanying financial statements are not intended to present financial position and changes in net assets in conformity with accounting principles generally accepted in the United States of America (i.e., “GAAP”). To the extent relevant, GAAP disclosures have nonetheless been provided, including those under FASB Accounting Standards Update 2016-14, *Presenting Financial Statements for Not-for-Profit Entities*, which was implemented in fiscal 2019.

If the Organization’s financial statements had been prepared under GAAP accounting, its accounting policies would have differed from the modified cash basis in the following respects:

- A statement of cash flows would have been presented;
- Accounts receivable and accounts payable, to the extent applicable, would be presented on the statement of net assets;
- Contributed goods and services meeting GAAP recognition criteria (ie. the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation) would be recognized at fair value, rather than not being recognized.
- Restricted net assets would be displayed on the face of the financial statements rather than in the notes to the financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Time Certificates of Deposit

The Organization’s cash and time certificates of deposit consist of several checking and three certificate of deposit accounts with two Hawaii-based banks. The certificate of deposit accounts automatically rollover with maturities of three, six and twelve months. Bank balances are insured up to \$250,000 per account holder by the Federal Deposit Insurance Corporation (FDIC).

Rotary International District 5000
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2019

Functional Allocation of Expenses

The costs of conducting programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets. Expenses associated with Organization positions (eg. District Governor) include those expenses necessary for the person holding that position to perform their duties and responsibilities, including attendance at various Rotary meetings, conventions and training seminars. Grants program expenses include grants to Rotary clubs in District 5000 and global grants to international recipients. Other district programs include youth programs, training, the district directory, and other programs to support the District. General and administrative expenses include administrative expenses not directly related to one of the program activities, and include immaterial fundraising expenses if any.

Income Taxes

The Organization is exempt from federal income tax under IRC section 501(c)(4), pursuant to its association with Rotary International. Management is not aware of any uncertain tax positions taken on any previously filed income tax returns.

Liquidity and Availability of Funds

The District is substantially funded by membership dues. Financial assets available to support general expenses in the coming year include the two District 5000 operating accounts displayed on the statement of assets, liabilities and net assets. Additionally, time certificates of deposit, which mature periodically throughout the year, are available for general expenses. Other cash accounts are earmarked for specific purposes, such as conferences and grants.

Subsequent Event Review

Management has reviewed and considered whether events occurring after year end should be reflected or disclosed in these financial statements. The date through which this review was conducted was September 24, 2019, the date the financial statements were available to be issued.

2. Loans Receivable

In fiscal 2018, the Organization executed two promissory notes aggregating \$40,000 to the 2020 Rotary International Convention Host Organization Committee, Inc., a Hawaii nonprofit organization. The purpose of the loans is to fund expenses for the 2020 convention, to be held in Hawaii in June 2020. The notes are noninterest bearing and are to be repaid from net income of the convention. If the convention does not generate sufficient net income to repay the loans, then the loans will be deemed a donation by the Organization.

Rotary International District 5000
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2019

3. Restrictions and Designations on Net Assets

The Organization receives funding from The Rotary Foundation for the Organization's district and global grant programs. Activity in fiscal 2019 was as follows:

	District Grants	Global Grants
Balance at beginning of year	\$ 12,846	\$ 1,990
Grants received from The Rotary Foundation	116,736	27,787
Grants disbursed to District 5000 clubs	(124,246)	-
Grants disbursed to other recipients	-	(23,838)
Administrative fees	(3,127)	(178)
Balance at end of year	<u>\$ 2,209</u>	<u>\$ 5,761</u>

It is the Organization's policy, in developing the district budget and resultant per capita dues to member clubs, to provide for a District Reserve. The amount of the District Reserve Fund is \$70,000 and is invested in time certificates of deposit.