

Rotary International District 5490



Financial Statements
Years Ended June 30, 2014 and 2013

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Independent Accountant's Review Report

Board of Directors
Rotary International District 5490

We have reviewed the accompanying statements of financial position of Rotary International District 5490 (the District) as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's 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, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Walker & Armstrong, LLP

Phoenix, Arizona
December 18, 2014

Rotary International District 5490
Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash	\$ 80,085	\$ 66,549
Restricted cash	36,980	24,009
Reimbursements receivable	5,121	32,769
Prepaid expense	5,357	5,048
	127,543	128,375
Property, at cost:		
Equipment	25,631	25,384
Less accumulated depreciation	(18,831)	(16,610)
	6,800	8,774
Net property	6,800	8,774
	\$ 134,343	\$ 137,149
	\$ 134,343	\$ 137,149
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 7,510	\$ 23,148
	7,510	23,148
Net Assets:		
Unrestricted	78,521	82,367
Board Designated:		
Youth Exchange	23,482	19,281
Temporarily restricted:		
Rotary Youth Leadership Awards	20,988	8,511
Other	3,842	3,842
	126,833	114,001
Total net assets	126,833	114,001
	\$ 134,343	\$ 137,149
	\$ 134,343	\$ 137,149

See independent accountant's review report and accompanying notes.

2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 64,462	\$ -	\$ 64,462
33,422	-	33,422
25,591	-	25,591
-	47,564	47,564
-	14,000	14,000
-	25,000	25,000
-	20,805	20,805
1,051	-	1,051
34	-	34
<u>114,879</u>	<u>(114,879)</u>	<u>-</u>
<u>239,439</u>	<u>(7,510)</u>	<u>231,929</u>
4,163	-	4,163
10,000	-	10,000
4,171	-	4,171
51,160	-	51,160
20,694	-	20,694
21,635	-	21,635
13,278	-	13,278
25,000	-	25,000
25,500	-	25,500
8,847	-	8,847
9,270	-	9,270
11,855	-	11,855
8,860	-	8,860
5,089	-	5,089
-	-	-
<u>1,186</u>	<u>-</u>	<u>1,186</u>
<u>220,708</u>	<u>-</u>	<u>220,708</u>
18,731	(7,510)	11,221
<u>82,917</u>	<u>19,863</u>	<u>102,780</u>
<u>\$ 101,648</u>	<u>\$ 12,353</u>	<u>\$ 114,001</u>

See independent accountant's review report and accompanying notes.

Rotary International District 5490
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from member clubs and programs	\$ 267,801	\$ 215,602
Cash paid to suppliers, officers and programs	(241,078)	(199,401)
Interest received	31	34
Net cash provided by operating activities	26,754	16,235
Cash flows from investing activities:		
Purchase of equipment	(247)	(8,821)
Net cash used for investing activities	(247)	(8,821)
Net increase in cash	26,507	7,414
Cash at beginning of year	90,558	83,144
Cash at end of year	\$ 117,065	\$ 90,558
 A summary of the cash balance is as follows:		
Cash	\$ 80,085	\$ 66,549
Restricted cash	36,980	24,009
Total cash	\$ 117,065	\$ 90,558
 Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 12,832	\$ 11,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,221	1,186
Decrease (increase) in reimbursements receivable	27,648	(15,269)
Increase in prepaid expenses	(309)	(767)
(Decrease) increase in accounts payable and pledges to District Foundation	(15,638)	19,864
Net cash provided by operating activities	\$ 26,754	\$ 16,235

See independent accountant's review report and accompanying notes.

Rotary International District 5490
Notes to Financial Statements
Years Ended June 30, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

Rotary International District 5490 (the District) is a division of an Illinois non-profit corporation that promotes high business ethical standards, international understanding and community service. The District's offices are located in Phoenix, Arizona and services are provided throughout the State of Arizona.

The District receives dues from each of the forty member clubs within the District based on the clubs' individual membership counts. The District also receives revenue from members for their attendance at the annual District conference.

Additional support is received as expense reimbursements from Rotary International and member club participation charges and contributions to several programs and projects sponsored by the District.

Significant activities of the District are as follows:

Education and Leadership Training – The District hosts education and leadership training seminars and conferences throughout the year attended by District club members.

RYLA – Rotary Youth Leadership Awards represents revenues and expenses directly associated with the sponsorship of high school student participation in camps, seminars and other leadership training activities.

Youth Exchange – The District collects donations from member clubs to sponsor qualified high school age students for a study abroad program for periods ranging up to one year.

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized and recorded when earned, and expenses are recognized and recorded when incurred. Revenues and expenses are presented in the statement of activities classified according to significant program activities.

Notes to Financial Statements - Continued

Note 1 - Summary of Significant Accounting Policies – Continued

Basis of Presentation

The District reports information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The District reports its revenue and other support as unrestricted if there are no donor-imposed restrictions that limit its use.

The District reports RYLA and Youth Exchange activities as temporarily restricted since their use is restricted. The District has no permanently restricted net assets as of June 30, 2014 and 2013.

Income Taxes

The District was exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code of 1954, as amended except that effective November 15, 2012 the District's exempt status was revoked by the Internal Revenue Service due to the untimely filing of information returns. In August 2014, the District's exempt status was reinstated as of the revocation date. As of June 30, 2014, tax years 2011 through 2013 remain subject to examination by major tax jurisdictions.

Affiliated Organizations

Substantially all of the District's revenues are received from affiliated organizations, member clubs, individual members and Rotary International parent organization.

Cash

Cash equivalents consist primarily of cash, checking and savings accounts. For purposes of the statement of cash flows, the District considers all highly liquid securities purchased with an original maturity of three months or less to be cash equivalents.

RYLA and Youth Exchange are managed and maintained in separate checking and savings accounts and, accordingly, are reported as restricted cash.

Equipment

Equipment purchases and donated equipment exceeding \$500 are capitalized at cost or at fair market value at the date of donation, respectively. Depreciation is recognized using the straight-line method over estimated useful lives of five years.

The cost of normal maintenance and repairs that do not add value to an asset or materially extend asset lives are not capitalized, whereas major betterments are capitalized.

Notes to Financial Statements - Continued

Note 1 - Summary of Significant Accounting Policies – Continued

Donated Services

A number of unpaid volunteers have contributed significant amounts of time to the District. The value of this time is not reflected in the financial statements since a value for their services cannot be objectively determined.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

Reclassifications

During 2014, certain corrections were made to classifications reported on the statement of financial position and the related statements of activities, functional expenses and cash flows. Balances reported for the year ended June 30, 2013 were reclassified for comparability purposes.

Note 2 –Restricted Cash

Restricted cash is held in separate bank accounts and is comprised of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
RYLA	\$ 21,390	\$ 4,728
Youth Exchange	<u>15,590</u>	<u>19,281</u>
	<u>\$ 36,980</u>	<u>\$ 24,009</u>

Note 3 – Subsequent Events

The District evaluated subsequent events through December 18, 2014, the date the financial statements were available to be issued. No events or transactions occurred after year-end that require additional disclosure or adjustment to the financial statements

Supplemental Information

**Rotary International District 5490
Schedules of Other Programs
and Administrative Expenses
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Other Programs Expenses:		
Promotion	\$ -	\$ 1,613
Unbudgeted programs	-	100
Zone Institute	832	1,747
Polio awareness event	-	-
Hands on project	-	2,896
Tri-district leadership academy	-	1,501
PETS promotional	1,551	-
Rotary foundation zone	1,716	-
Hands on project	1,480	-
District assemblies and meetings	2,779	990
Theme pins	889	-
	<u> </u>	<u> </u>
Total other programs expenses	<u>\$ 9,247</u>	<u>\$ 8,847</u>
 Administrative Expenses:		
Annual report and accounting	\$ 4,700	\$ 6,900
Rent	3,712	-
Group study exchange	-	(345)
Committee/ district supplies	262	959
Training for emerging leaders	-	150
Credit card discount and bank fees	17	134
District admin - other	2,006	-
Supplies	-	442
Sunshine	100	-
Office/ general administrative	-	885
Treasurer expense	67	145
	<u> </u>	<u> </u>
Total administrative expenses	<u>\$ 10,864</u>	<u>\$ 9,270</u>

See independent accountant's review report.

Rotary International District 5490
Schedules of District Governor, District Governor Elect
and District Governor Nominee Expenses
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
District Governor Expenses:		
International convention	\$ 5,906	\$ 6,755
Zone Institute costs	-	329
District Governor travel	6,093	4,044
District Governor discretionary expense	<u>1,616</u>	<u>727</u>
 Total District Governor expenses	 <u>\$ 13,615</u>	 <u>\$ 11,855</u>
 District Governor Elect Expenses:		
Zone Institute costs	\$ 1,237	\$ 3,867
International convention	6,524	4,993
GETS reimbursement - DGE	1,926	-
Administration	<u>118</u>	<u>-</u>
 Total District Governor Elect expenses	 <u>\$ 9,805</u>	 <u>\$ 8,860</u>
 District Governor Nominee Expenses:		
Zone Institute costs	<u>\$ 1,185</u>	<u>\$ 5,089</u>
 Total District Governor Nominee expenses	 <u>\$ 1,185</u>	 <u>\$ 5,089</u>

See independent accountant's review report.