

ROTARY INTERNATIONAL DISTRICT 5080

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**ROTARY INTERNATIONAL DISTRICT 5080
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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Governors
Rotary International District 5080
Walla Walla, Washington

Report on the Financial Statements

We have reviewed the accompanying financial statements of Rotary International District 5080 (the District) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 entity 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's Responsibility 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.

Accountants' Responsibility

Our 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 American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, Rotary International District 5080 adopted a recently issued accounting standard related to the presentation of financial statements for *Not-for-Profit Entities*.

Supplementary Information

The accompanying statement of financial position by committee and the statement of activities and changes in net assets by committee are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.


CliftonLarsonAllen LLP

Tri-Cities, Washington
August 20, 2019

ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	206,831
Accounts Receivable		39,183
Prepaid Expenses		2,718
Total Current Assets		248,732

OTHER ASSETS

Certificate of Deposit		10,851
		10,851

Total Assets	\$	259,583
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Checks Written in Excess of Bank Balance	\$	4,772
Accounts Payable		5,238
Deferred Revenue		84,300
Total Current Liabilities		94,310

NET ASSETS

Without Donor Restrictions		8,773
Without Donor Restrictions - Committee Designated		156,000
Total Net Assets Without Donor Restrictions		164,773
With Donor Restrictions		500
Total Net Assets		165,273

Total Liabilities and Net Assets	\$	259,583
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ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
District Dues	\$ 113,376	\$ -	\$ 113,376
Outbound Fees	91,084	-	91,084
Simplified Grant Income	50,903	-	50,903
Registration Fees	141,075	-	141,075
Rotary International Reimbursements	28,620	-	28,620
Inbound Fees	1,986	-	1,986
Insurance Reimbursements	9,919	-	9,919
District Assembly Income	4,130	-	4,130
Short-Term Exchange Income	5,439	-	5,439
Fall Seminar Income	3,431	-	3,431
Donations	50,000	-	50,000
Contributions	2,649	-	2,649
Interest Income	3,129	-	3,129
Total Support and Revenue	<u>505,741</u>	<u>-</u>	<u>505,741</u>
EXPENSES			
Program	405,994	-	405,994
Management and General	13,137	-	13,137
Total Expenses	<u>419,131</u>	<u>-</u>	<u>419,131</u>
CHANGES IN NET ASSETS	86,610	-	86,610
Net Assets - Beginning of Year	<u>78,163</u>	<u>500</u>	<u>78,663</u>
NET ASSETS - END OF YEAR	<u>\$ 164,773</u>	<u>\$ 500</u>	<u>\$ 165,273</u>

See accompanying Notes to Financial Statements.

**ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	District	Rotary Youth Leadership Awards	Rotary Youth Exchange	Rotary Leadership Institute	Total Program	Management and General	Total
Conferences and Travel	\$ 172,124	\$ -	\$ -	\$ 678	\$ 172,802	\$ -	\$ 172,802
Simplified Grant Expenses	50,902	-	-	-	50,902	-	50,902
Outbound Expenses	-	-	49,322	-	49,322	-	49,322
Committee Expenses	38,994	-	4,026	-	43,020	8,430	51,450
Operating Expenses	7,041	5,768	12,110	183	25,102	4,707	29,809
Camp Expenses	-	17,493	-	-	17,493	-	17,493
Inbound Expenses	-	-	14,443	-	14,443	-	14,443
Rotary International Reimbursements	2,281	-	-	-	2,281	-	2,281
District Foundation Expenses	2,290	-	-	-	2,290	-	2,290
New Generations Expense	12,638	-	-	-	12,638	-	12,638
District Service Expenses	12,155	-	-	-	12,155	-	12,155
Public Relations	2,930	-	-	-	2,930	-	2,930
Miscellaneous Expenses	616	-	-	-	616	-	616
Total	\$ 301,971	\$ 23,261	\$ 79,901	\$ 861	\$ 405,994	\$ 13,137	\$ 419,131

See accompanying Notes to Financial Statements.

ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Members, Students, and Other Sources	\$ 430,870
Cash Paid to Suppliers	(437,744)
Interest Received	3,129
Net Cash Used by Operating Activities	<u>(3,745)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(3,745)

Cash and Cash Equivalents - Beginning of Year

210,576

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 206,831

RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES

Changes in Net Assets	\$ 86,610
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:	
Interest Reinvested in Certificate of Deposit	(65)
Decrease (Increase) in Assets:	
Accounts Receivable	(39,183)
Prepaid Expenses	936
Decrease in Liabilities:	
Checks Written in Excess of Bank Balance	51
Accounts Payable	(19,535)
Deferred Revenue	(32,559)
Total Adjustments	<u>(90,355)</u>
Net Cash Used by Operating Activities	<u><u>\$ (3,745)</u></u>

See accompanying Notes to Financial Statements.

ROTARY INTERNATIONAL DISTRICT 5080
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rotary International District 5080 (the District) is a nonprofit organization incorporated under Section 501(c)(4) of the Internal Revenue Code and is part of Rotary International. The District assists Rotary clubs in both the United States and Canada.

Rotary Youth Leadership Awards (RYLA), Rotary Youth Exchange (Youth Exchange), and Rotary Leadership Institute (RLI) are all committees reporting to the District.

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and are stated in U.S. dollars.

Revenue Recognition

The District records as support and revenue, at fair value, grants, and contributions received unconditionally. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Revenue from grants may include restrictions. These restrictions are normally met within the same reporting period as the grants are earned. Accordingly, the District has adopted the policy of recognizing grants whose restrictions are met within the same reporting period as revenue without restrictions.

Member dues, insurance reimbursements, registration fees, and other program fees are nonrefundable and the related revenue is recorded monthly when billed.

Youth Exchange conducts the exchange of Youth from Rotary International District 5080 to other Districts in the International arena. Outbound fees are related to students from the District traveling to other Districts and inbound fees are related to students from other Districts traveling into the Rotary International District 5080. These fees are collected from early Spring through the Fall and Winter. Any revenue received that has not been earned is recorded as deferred revenue.

Use of Estimates

The preparation of financial statements in conformity 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 disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

ROTARY INTERNATIONAL DISTRICT 5080
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Exchange

Canadian revenues and expenses are converted to U.S. dollars at the exchange rate in effect on the date of the transaction.

Cash and Cash Equivalents

The District maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The District has not experienced any losses on such accounts. The District believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Restricted cash is also included in cash and cash equivalents in the statement of cash flows.

Certificates of Deposit

Certificates of deposit are reported at cost, which approximates fair value.

Income Taxes

The District is exempt from United States and Canadian income tax except for income, if any, on unrelated trade or business activities. As of June 30, 2019, the District had no unrelated business activities subject to federal income tax. The District has not identified any uncertainty in income tax positions that would jeopardize its status as a tax-exempt organization.

Functional Expenses

Incurring expenses of the District were associated with the costs of providing program services and supporting services. Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the District. All expenses are directly allocated to program or support services. The District does not indirectly allocate any expenses.

Subsequent Events

Subsequent events have been evaluated through August 20, 2019, which is the date the financial statements were available to be issued.

ROTARY INTERNATIONAL DISTRICT 5080
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The District has adopted the accounting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The adoption of the standard had no effect on previously reported net assets. The District has elected to adopt this change in accounting principle as of July 1, 2018.

New Accounting Pronouncements Effective in Future Accounting Periods

In June 2018, the FASB issued ASU No. 2018-08. This update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. For contributions received, the standard will be effective for the District for annual reporting periods beginning after December 15, 2018, and for contributions made, the standard will be effective for the District for annual reporting periods beginning after December 15, 2019. Management will be evaluating the effects of this new standard.

In May 2017, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amended guidance clarifies the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the District for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on the District's financial statements.

In February 2016, FASB issued ASU No. 2016-02 *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Management will be evaluating the effects of this new standard.

ROTARY INTERNATIONAL DISTRICT 5080
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 2 NET ASSETS

Net assets, revenues, gains, and losses, are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets designated by the Committee as of June 30, 2019, were as follows:

Committee Designated Net Assets:	
District Leadership Development	\$ 51,000
District Operating Reserve	40,000
Youth Exchange Reserve	30,000
District Conference Scholarships	25,000
District Interact Conference Funding	5,000
RYLA Reserve	5,000
Total Committee Designated Net Assets	<u>\$ 156,000</u>

The District council requires the District to maintain an operating reserve to be used to pay for unforeseen emergencies which may confront the District. Such expenditures must be approved by the finance committee chair and District governor with the consultation of the District governor-elect. Utilization of the reserve funds shall be limited to \$10,000 for any single event and a plan to restore the minimum reserve shall be prepared by the finance committee and District governor within 90 days. Should an event require more than \$10,000 to resolve, it must be justified by a memo to the District council and is subject to immediate review and concurrence by a majority vote of the council. The operating reserve noted above is included in cash at year-end.

Youth Exchange and RYLA have set up a reserve account and the operating reserve is included in cash for the year ended June 30, 2019.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or by actions of the District. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions as of June 30, 2019, were as follows:

Subject to Expenditure for a Specified Purpose:	
PETS	\$ 500
Total Net Assets With Donor Restrictions	<u>\$ 500</u>

ROTARY INTERNATIONAL DISTRICT 5080
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 3 CERTIFICATE OF DEPOSIT

The District held the following certificates of deposit at June 30, 2019:

Banner Bank, Maturing April 2022, 2.15%	<u><u>\$ 10,851</u></u>
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NOTE 4 LIQUIDITY AND AVAILABILITY

As part of the District's liquidity management, it invests cash in excess of daily requirement in certificates of deposits. As discussed in Note 2, the District has established reserves used to pay for unforeseen emergencies which may confront the District. These funds could be made available if necessary by approval of the Committee.

The following reflects the District's liquid financial assets, including amounts not available within one year.

Liquid Financial Assets - June 30, 2019	\$ 256,865
Less:	
Contractual or Donor Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(500)
Committee Designated Net Assets	<u>(156,000)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 100,365</u></u>

ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF FINANCIAL POSITION BY COMMITTEE
JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	<u>District</u>	<u>Rotary Youth Leadership Awards</u>	<u>Rotary Youth Exchange</u>	<u>Rotary Leadership Institute</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 101,632	\$ 29,133	\$ 76,066	\$ -	\$ 206,831
Accounts Receivable	35,693	-	3,490	-	39,183
Prepaid Expenses	2,718	-	-	-	2,718
Total Current Assets	<u>140,043</u>	<u>29,133</u>	<u>79,556</u>	<u>-</u>	<u>248,732</u>
OTHER ASSETS					
Certificate of Deposit	-	10,851	-	-	10,851
Total Assets	<u>\$ 140,043</u>	<u>\$ 39,984</u>	<u>\$ 79,556</u>	<u>\$ -</u>	<u>\$ 259,583</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Checks Written in Excess of Bank Balance	\$ -	\$ -	\$ -	\$ 4,772	\$ 4,772
Accounts Payable	3,575	-	1,663	-	5,238
Deferred Revenue	-	13,734	70,566	-	84,300
Total Current Liabilities	<u>3,575</u>	<u>13,734</u>	<u>72,229</u>	<u>4,772</u>	<u>94,310</u>
NET ASSETS					
Without Donor Restrictions	14,968	21,250	(22,673)	(4,772)	8,773
Without Donor Restrictions - Committee Designated	121,000	5,000	30,000	-	156,000
Total Net Assets Without Donor Restrictions	<u>135,968</u>	<u>26,250</u>	<u>7,327</u>	<u>(4,772)</u>	<u>164,773</u>
With Donor Restrictions	500	-	-	-	500
Total Net Assets	<u>136,468</u>	<u>26,250</u>	<u>7,327</u>	<u>(4,772)</u>	<u>165,273</u>
Total Liabilities and Net Assets	<u>\$ 140,043</u>	<u>\$ 39,984</u>	<u>\$ 79,556</u>	<u>\$ -</u>	<u>\$ 259,583</u>

ROTARY INTERNATIONAL DISTRICT 5080
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY COMMITTEE
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Without Donor Restrictions				With Donor Restrictions		
	District	Rotary Youth Leadership Awards	Rotary Youth Exchange	Rotary Leadership Institute	Total Without Donor Restrictions	District	Total
SUPPORT AND REVENUE							
District Dues	\$ 113,376	\$ -	\$ -	\$ -	\$ 113,376	\$ -	\$ 113,376
Outbound Fees	-	-	91,084	-	91,084	-	91,084
Simplified Grant Income	50,903	-	-	-	50,903	-	50,903
Registration Fees	109,728	30,537	-	810	141,075	-	141,075
Rotary International Reimbursements	28,620	-	-	-	28,620	-	28,620
Inbound Fees	-	-	1,986	-	1,986	-	1,986
Insurance Reimbursements	9,919	-	-	-	9,919	-	9,919
District Assembly Income	4,130	-	-	-	4,130	-	4,130
Short-Term Exchange Income	-	-	5,439	-	5,439	-	5,439
Fall Seminar Income	3,431	-	-	-	3,431	-	3,431
Donations	50,000	-	-	-	50,000	-	50,000
Contributions	-	2,649	-	-	2,649	-	2,649
Interest Income	34	66	3,029	-	3,129	-	3,129
Total Support and Revenue	<u>370,141</u>	<u>33,252</u>	<u>101,538</u>	<u>810</u>	<u>505,741</u>	<u>-</u>	<u>505,741</u>
EXPENSES							
Conferences and Travel	172,124	-	-	678	172,802	-	172,802
Simplified Grant Expenses	50,902	-	-	-	50,902	-	50,902
Outbound Expenses	-	-	49,322	-	49,322	-	49,322
Committee Expenses	47,424	-	4,026	-	51,450	-	51,450
Operating Expenses	7,041	5,768	16,817	183	29,809	-	29,809
Camp Expenses	-	17,493	-	-	17,493	-	17,493
Inbound Expenses	-	-	14,443	-	14,443	-	14,443
Rotary International Reimbursements	2,281	-	-	-	2,281	-	2,281
District Foundation Expenses	2,290	-	-	-	2,290	-	2,290
New Generations Expense	12,638	-	-	-	12,638	-	12,638
District Service Expenses	12,155	-	-	-	12,155	-	12,155
Public Relations	2,930	-	-	-	2,930	-	2,930
Miscellaneous Expenses	616	-	-	-	616	-	616
Total Expenses	<u>310,401</u>	<u>23,261</u>	<u>84,608</u>	<u>861</u>	<u>419,131</u>	<u>-</u>	<u>419,131</u>
CHANGES IN NET ASSETS	59,740	9,991	16,930	(51)	86,610	-	86,610
Net Assets - Beginning of Year	<u>76,228</u>	<u>16,259</u>	<u>(9,603)</u>	<u>(4,721)</u>	<u>78,163</u>	<u>500</u>	<u>78,663</u>
NET ASSETS - END OF YEAR	<u>\$ 135,968</u>	<u>\$ 26,250</u>	<u>\$ 7,327</u>	<u>\$ (4,772)</u>	<u>\$ 164,773</u>	<u>\$ 500</u>	<u>\$ 165,273</u>