

**ROTARY INTERNATIONAL DISTRICT 5080**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**ROTARY INTERNATIONAL DISTRICT 5080  
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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, 2018, and the related statements of activities and changes in net assets, 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.

***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  
September 6, 2018

**ROTARY INTERNATIONAL DISTRICT 5080**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	208,576
Restricted Cash		2,000
Total Cash and Cash Equivalents		210,576
Prepaid Expenses		3,654
Total Current Assets		214,230

**OTHER ASSETS**

Certificate of Deposit		10,786
Total Assets	\$	225,016

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Checks in Excess of Bank Balance	\$	4,721
Accounts Payable		24,773
Deferred Revenue		116,859
Total Current Liabilities		146,353

**NET ASSETS**

Unrestricted Net Assets		11,147
Unrestricted Net Assets - Committee Designated		67,016
Temporarily Restricted Net Assets		500
Total Net Assets		78,663
Total Liabilities and Net Assets	\$	225,016

See accompanying Notes to Financial Statements.

**ROTARY INTERNATIONAL DISTRICT 5080**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2018**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
District Dues	\$ 115,248	\$ -	\$ 115,248
Outbound Fees	83,500	-	83,500
Simplified Grant Income	70,865	-	70,865
Registration Fees	70,727	-	70,727
Rotary International Reimbursements	26,209	-	26,209
Inbound Fees	15,598	-	15,598
Insurance Reimbursements	10,023	-	10,023
District Assembly Income	5,187	-	5,187
Short-Term Exchange Income	4,750	-	4,750
Fall Seminar Income	3,560	-	3,560
Donations	3,173	-	3,173
Contributions	700	-	700
Interest Income	288	-	288
Total Support and Revenue	<u>409,828</u>	<u>-</u>	<u>409,828</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>
Total Support and Revenue	411,828	(2,000)	409,828
<b>EXPENSES</b>			
Conferences and Travel	106,402	-	106,402
Simplified Grant Expenses	70,865	-	70,865
Outbound Expenses	63,901	-	63,901
Committee Expenses	44,180	-	44,180
Operating Expenses	34,876	-	34,876
Camp Expenses	27,414	-	27,414
Inbound Expenses	17,521	-	17,521
Rotary International Reimbursements	16,138	-	16,138
District Foundation Expenses	4,229	-	4,229
New Generations Expense	2,565	-	2,565
District Service Expenses	1,441	-	1,441
Public Relations	1,300	-	1,300
Miscellaneous Expenses	812	-	812
Total Expenses	<u>391,644</u>	<u>-</u>	<u>391,644</u>
<b>CHANGES IN NET ASSETS</b>	20,184	(2,000)	18,184
Net Assets - Beginning of Year	<u>57,979</u>	<u>2,500</u>	<u>60,479</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 78,163</u>	<u>\$ 500</u>	<u>\$ 78,663</u>

See accompanying Notes to Financial Statements.

**ROTARY INTERNATIONAL DISTRICT 5080**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Members, Students, and Other Sources	\$ 411,340
Cash Paid to Suppliers	(367,853)
Interest Received	288
Net Cash Provided by Operating Activities	43,775

**CASH FLOW FROM INVESTING ACTIVITIES**

Interest Reinvested in Certificate of Deposit	(65)
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

43,710

Cash and Cash Equivalents - Beginning of Year

166,866

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 210,576

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

Changes in Net Assets	\$ 18,184
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Decrease in Assets:	
Prepaid Expenses	2,016
Increase in Liabilities:	
Checks in Excess of Bank Balance	4,721
Accounts Payable	17,054
Deferred Revenue	1,800
Total Adjustments	25,591
Net Cash Provided by Operating Activities	\$ 43,775

See accompanying Notes to Financial Statements.

**ROTARY INTERNATIONAL DISTRICT 5080**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(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, and Rotary Leadership Institute (RLI) are all committees reporting to the District.

**Basis of Presentation**

The District accounts for contributions in accordance with the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* Topic 958 (Topic 958), *Not-for-Profit Entities Presentation of Financial Statements*. In accordance with Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions. Periodically, the District's board of governors has designated unrestricted net assets for specified purposes. Such designations are not considered legal restrictions. Under Topic 958, the District is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The District had temporarily restricted net assets of \$500 for the year ended June 30, 2018.

**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 unrestricted 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 temporarily restricted grants whose restrictions are met within the same reporting period as unrestricted revenue.

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

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, 2018**  
(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.

**Restricted Cash**

Restricted cash, in the amount of \$2,000, is for use in years when revenues are not enough to cover camp costs and have been designated by the RYLA committee.

**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, 2018, 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**

Incurred 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. For the year ended June 30, 2018, the total program expenses were \$383,696.

**Subsequent Events**

Subsequent events have been evaluated through September 6, 2018, which is the date the financial statements were available to be issued.

**ROTARY INTERNATIONAL DISTRICT 5080**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements Effective in Future Accounting Periods**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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 not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal year beginning after December 15, 2017, with early adoption permitted. Management will be evaluating the effects of this new standard.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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; however, early adoption is permitted. Management is evaluating the impact of the amended revenue recognition guidance on the District's financial statements.

In February 2016, FASB issued ASU 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 2016-02 is effective for fiscal years beginning after December 15, 2020. Management will be evaluating the effects of this new standard.

**NOTE 2 UNRESTRICTED NET ASSETS**

The District council requires the District to maintain an operating reserve with a minimum of \$35,000 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.

**ROTARY INTERNATIONAL DISTRICT 5080**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**NOTE 2 UNRESTRICTED NET ASSETS (CONTINUED)**

Net assets exceeding \$40,000 are considered excess reserves. Excess reserves may be utilized for other District activities with the approval of the finance committee and the District governor and the consultation of the District governor-elect.

Youth Exchange has set up a reserve account with a balance of \$30,000 in 2017. The operating reserve is included in cash for the year ended June 30, 2018, totaling \$30,016.

**NOTE 3 TEMPORARILY RESTRICTED NET ASSETS**

The District received \$3,000 in 2017, to send President-elects to the Pacific Northwest Presidents-elect training session (PETS). At June 30, 2018, \$500 of these funds were unspent and are included as temporarily restricted net assets.

**NOTE 4 CERTIFICATE OF DEPOSIT**

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

	2018
Banner Bank, Maturing April 2019, 0.60%	<u>\$ 10,786</u>

**ROTARY INTERNATIONAL DISTRICT 5080**  
**STATEMENT OF FINANCIAL POSITION BY COMMITTEE**  
**JUNE 30, 2018**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

<b>ASSETS</b>	<u>District</u>	<u>Rotary Youth Leadership Awards</u>	<u>Rotary Youth Exchange</u>	<u>Rotary Leadership Institute</u>	<u>Total</u>
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 81,143	\$ 27,143	\$ 100,290	\$ -	\$ 208,576
Restricted Cash	-	2,000	-	-	2,000
Total Cash and Cash Equivalents	<u>81,143</u>	<u>29,143</u>	<u>100,290</u>	<u>-</u>	<u>210,576</u>
Prepaid Expenses	3,654	-	-	-	3,654
Total Current Assets	<u>84,797</u>	<u>29,143</u>	<u>100,290</u>	<u>-</u>	<u>214,230</u>
<b>OTHER ASSETS</b>					
Certificate of Deposit	-	10,786	-	-	10,786
Total Assets	<u>\$ 84,797</u>	<u>\$ 39,929</u>	<u>\$ 100,290</u>	<u>\$ -</u>	<u>\$ 225,016</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Checks in Excess of Bank Balance	\$ -	\$ -	\$ -	\$ 4,721	\$ 4,721
Accounts Payable	8,069	-	16,704	-	24,773
Deferred Revenue	-	23,670	93,189	-	116,859
Total Current Liabilities	<u>8,069</u>	<u>23,670</u>	<u>109,893</u>	<u>4,721</u>	<u>146,353</u>
<b>NET ASSETS</b>					
Unrestricted Net Assets	41,228	14,259	(39,619)	(4,721)	11,147
Unrestricted Net Assets - Committee Designated	35,000	2,000	30,016	-	67,016
Temporarily Restricted Net Assets	500	-	-	-	500
Total Net Assets	<u>76,728</u>	<u>16,259</u>	<u>(9,603)</u>	<u>(4,721)</u>	<u>78,663</u>
Total Liabilities and Net Assets	<u>\$ 84,797</u>	<u>\$ 39,929</u>	<u>\$ 100,290</u>	<u>\$ -</u>	<u>\$ 225,016</u>

**ROTARY INTERNATIONAL DISTRICT 5080**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY COMMITTEE**  
**YEAR ENDED JUNE 30, 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	Unrestricted			Unrestricted	Restricted	Total
	District	Rotary Youth Leadership Awards	Rotary Youth Exchange			
				Total Unrestricted	District	Total
<b>SUPPORT AND REVENUE</b>						
District Dues	\$ 115,248	\$ -	\$ -	\$ -	\$ -	\$ 115,248
Outbound Fees	-	-	83,500	-	-	83,500
Simplified Grant Income	70,865	-	-	-	-	70,865
Registration Fees	30,695	32,892	-	7,140	-	70,727
Rotary International Reimbursements	26,209	-	-	-	-	26,209
Inbound Fees	-	-	15,598	-	-	15,598
Insurance Reimbursements	10,023	-	-	-	-	10,023
District Assembly Income	5,187	-	-	-	-	5,187
Short-Term Exchange Income	-	-	4,750	-	-	4,750
Fall Seminar Income	3,560	-	-	-	-	3,560
Donations	3,173	-	-	-	-	3,173
Contributions	-	700	-	-	-	700
Interest Income	23	65	200	-	-	288
Total Support and Revenue	264,983	33,657	104,048	7,140	-	409,828
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	2,000	-	-	-	(2,000)	-
Total Support and Revenue	266,983	33,657	104,048	7,140	(2,000)	409,828
<b>EXPENSES</b>						
Conferences and Travel	99,874	-	-	6,528	-	106,402
Simplified Grant Expenses	70,865	-	-	-	-	70,865
Outbound Expenses	-	-	63,901	-	-	63,901
Committee Expenses	38,568	-	5,612	-	-	44,180
Operating Expenses	5,297	5,056	19,697	4,826	-	34,876
Camp Expenses	-	27,414	-	-	-	27,414
Inbound Expenses	-	-	17,521	-	-	17,521
Rotary International Reimbursements	16,138	-	-	-	-	16,138
District Foundation Expenses	4,229	-	-	-	-	4,229
New Generations Expense	2,565	-	-	-	-	2,565
District Service Expenses	1,441	-	-	-	-	1,441
Public Relations	1,300	-	-	-	-	1,300
Miscellaneous Expenses	812	-	-	-	-	812
Total Expenses	241,089	32,470	106,731	11,354	-	391,644
<b>CHANGES IN NET ASSETS</b>	25,894	1,187	(2,683)	(4,214)	(2,000)	18,184
Net Assets - Beginning of Year	50,334	15,072	(6,920)	(507)	2,500	60,479
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 76,228</u>	<u>\$ 16,259</u>	<u>\$ (9,603)</u>	<u>\$ (4,721)</u>	<u>\$ 500</u>	<u>\$ 78,663</u>