

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Financial Statements

June 30, 2022

## ROTARY INTERNATIONAL DISTRICT 6000, INC.

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**Corwin, Reichter & Company, P.C.**

Certified Public Accountants | Business Advisors

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

District Governor  
**Rotary International District 6000, Inc.**

We have reviewed the accompanying financial statements of **Rotary International District 6000, Inc.**, (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, 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 the organization'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'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 the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review 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 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.

We are required to be independent of **Rotary International District 6000, Inc.** and to meet other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

### ***Accountant's 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***

These financial statements are being reissued to correct an error in certain disclosures. Notes 8 and 11 have been restated to correct reporting errors. Our conclusion is not modified with respect to this matter.

***Other Matter***

The supplementary information appearing on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and, accordingly, do not express an opinion, nor provide any assurance on it.

*Corwin, Reichter & Company, P.C.*

October 13, 2022  
February 24, 2023

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Statement of Financial Position

June 30, 2022

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<u>Assets</u>	
Cash	\$ 322,007
Accounts receivable - registration fees	<u>2,050</u>
Total assets	\$ <u><u>324,057</u></u>
 <u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	13,700
Accrued payroll taxes	\$ 1,975
Prepaid registration fees	<u>55,200</u>
Total liabilities	<u>70,875</u>
Net assets:	
Without donor restrictions:	
Undesignated	142,108
Board designated	<u>36,939</u>
	179,047
With donor restrictions	<u>74,135</u>
Total net assets	<u>253,182</u>
Total liabilities and net assets	\$ <u><u>324,057</u></u>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**Statement of Activities  
For the year ended June 30, 2022

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
District dues	\$ 110,495	-	110,495
District events	74,664	-	74,664
International service projects contributions	-	3,339	3,339
Rotary Foundation Community Service Grant	-	111,753	111,753
Rotary International	16,664	-	16,664
RYLA registration fees	45,850	-	45,850
Youth Exchange contributions	-	7,135	7,135
Other grants	-	11,000	11,000
Interest earned	469	-	469
Miscellaneous income	4,682	-	4,682
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>124,510</u>	<u>(124,510)</u>	<u>-</u>
Total support and revenue	<u>377,334</u>	<u>8,717</u>	<u>386,051</u>
Expenses:			
Programs:			
Club service	127,569	-	127,569
Community service	135,579	-	135,579
International service	923	-	923
Youth service	64,707	-	64,707
Administrative	<u>44,693</u>	<u>-</u>	<u>44,693</u>
Total expenses	<u>373,471</u>	<u>-</u>	<u>373,471</u>
Change in net assets	3,863	8,717	12,580
Net assets at beginning of year, as corrected	<u>175,184</u>	<u>65,418</u>	<u>240,602</u>
Net assets at end of year	\$ <u>179,047</u>	<u>74,135</u>	<u>253,182</u>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**  
Statement of Functional Expenses  
For the year ended June 30, 2022

	Program Services					Supporting Services	Total
	Club Service	Community Service	International Service	Youth Service	Total Program	General Operations	
Compensation and benefits	\$ -	-	-	-	-	21,837	21,837
Grants	-	121,378	100	-	121,478	-	121,478
Program supplies	-	501	-	7,403	7,904	-	7,904
Professional fees	-	-	-	-	-	8,500	8,500
Occupancy	-	-	-	-	-	6,696	6,696
Travel	16,735	-	-	-	16,735	30	16,765
Conferences, conventions, and meetings	89,998	-	-	54,479	144,477	-	144,477
Advertising and promotion	8,356	-	-	-	8,356	-	8,356
Office expenses	11,398	-	-	1,584	12,982	4,879	17,861
Information technology	1,082	-	823	-	1,905	1,702	3,607
Dues and subscriptions	-	-	-	425	425	-	425
Donations	-	13,700	-	-	13,700	-	13,700
Other	-	-	-	816	816	1,049	1,865
<b>Total functional expenses</b>	<b>\$ <u>127,569</u></b>	<b><u>135,579</u></b>	<b><u>923</u></b>	<b><u>64,707</u></b>	<b><u>328,778</u></b>	<b><u>44,693</u></b>	<b><u>373,471</u></b>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Statement of Cash Flows  
For the year ended June 30, 2022

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Cash flows from operating activities:	
Cash received from members	\$ 238,782
Cash received from contributions	10,474
Cash received from Rotary International	128,417
Cash received from other	13,632
Interest received	469
Cash paid to suppliers and employees	<u>(368,667)</u>
Net cash flows from operating activities	<u>23,107</u>
Net increase (decrease) in cash	23,107
Cash at beginning of year	<u>298,900</u>
Cash at end of year	\$ <u><u>322,007</u></u>

See accompanying notes and accountant's review report.



# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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(1) Organization and Purpose

Rotary International (RI) is an association of Rotary clubs throughout the world. The mission of RI is to provide service to others, promote integrity and advance world understanding, goodwill, and peace through its fellowship of business, professional and community leaders. A District is a geographical territory in which Rotary clubs are associated for RI administrative purposes. A territory consisting of a majority of counties located in southern Iowa has been assigned to **Rotary International District 6000, Inc.** (District 6000). The District's primary sources of support and revenue are dues received from member clubs, participation fees from Rotarian members, and support for its programs received from Rotarian members and others.

(2) Significant Accounting Policies

Method of Accounting

*These financial statements were prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America.*

Basis of Presentation

*Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities. Under ASC Topic 958, the District is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.*

Cash and Cash Equivalents

*District 6000 considers all unrestricted highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.*

Accounts Receivable

*Accounts receivable are reported at the amount District 6000 expects to collect from outstanding balances. Differences between the amount due and the amount expected to be collected are reported as a reduction to the revenue as incurred. Balances outstanding after District 6000 has used reasonable collection efforts are written off by reducing revenue.*

Net Assets

*District 6000 classifies resources into two classes of net assets as follows:*

*Net assets without donor restrictions are net assets not subject to donor-imposed stipulations, including all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions. These include support from Rotary International, dues and any other payments for services and other activities. In addition, the Board has designated certain net assets without donor restriction for specific programs or uses.*

*Net assets with donor restrictions are net assets subject to donor-imposed stipulations. The donor-imposed restrictions are temporary in nature, which will be met by fulfillment of the stipulated purpose and/or the passage of time.*

# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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### Revenue Recognition

Unconditional contributions are recognized at fair value at the date the promise is received.

District 6000 recognizes revenue from member dues over the membership period, which is one year aligned with the fiscal year.

Revenues derived from District 6000 events are recognized when the event has occurred. At June 30, 2022, prepaid registration fees totaled \$55,200.

### Advertising Costs

Costs for advertising and promotion are expensed as incurred. Advertising and promotion in the current year is \$8,356.

### Tax Status

District 6000 has qualified as an exempt organization within the provisions of Internal Revenue Code Section 501(c)(4). As such, no provision for income tax expense has been made in the accompanying financial statements. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. District 6000 reports no net unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. In general, tax returns for years ended June 30, 2019 and prior are no longer open for examination by taxing authorities.

### (3) 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

### (4) Contributed Services

District 6000 receives a substantial amount of services donated by its members in carrying out the District's programs. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

### (5) Subsequent Events

Management has evaluated subsequent events through February 23, 2023, the date the financial statements were available to be issued.

### (6) Office Lease

District 6000 rents office space in Pella, Iowa in accordance with a lease which automatically renews annually. The lease calls for monthly rent of \$475. Rent paid in the current year is \$5,225.

# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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(7) Board Designated Net Assets

The Board has designated funds to be used for specific programs as follows:

Rotary Youth Leadership Awards (RYLA)	\$ 29,644
Club Extension	4,476
Vision Assistance	<u>2,819</u>
	\$ <u>36,939</u>

(8) Net Assets with Donor Restrictions (as restated)

Net assets with donor restrictions consist of monies received by **Rotary International District 6000, Inc.** for specific projects or purposes. Interest earned on any invested funds is included in the fund's receipts. Net assets with donor restrictions available as of June 30, 2022 are as follows:

Subject to expenditure for specific purpose:

Xicotepec	\$ 24,436
Youth Exchange	28,825
Friendship Exchange	669
Rotary Foundation district grants	3,443
Rotary Foundation global grants	<u>16,762</u>
	\$ <u>74,135</u>

(9) Satisfaction of Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors, as follows.

Purpose restrictions accomplished:

Xicotepec	\$ 823
Youth Exchange	1,808
Rotary Foundation district grants	<u>110,879</u>
	\$ <u>113,510</u>

(10) Concentrations of Credit Risk

District 6000 maintains cash deposits with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Any balances in excess of FDIC limits are uninsured. Management regularly monitors the financial condition of any institution in which it has depository accounts and believes the risks of loss are minimal.

# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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(11) Availability of Financial Assets (as restated)

The District has \$324,057 of financial assets, consisting of cash and receivables, available within one year of the balance sheet date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The District is also supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner, the District must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

The District has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The District has a goal to maintain unrestricted financial assets equal to three to six months of their operating expenses to ensure adequate funding. Operating expenses are defined as the total of club service and administrative expenses. As of the end of the year, the District has unrestricted financial assets of \$179,047, which equals approximately fourteen months of their current budgeted operating expenses.

(12) Correction to Prior Year Net Assets

District 6000 supports the RYLA program in Iowa along with District 5970. District 6000 administers the program and keeps the accounting records for RYLA separate from its own accounting records. District 6000 records the cash receipts from the bank statements as restricted contributions when received. However, the source of the funds is from the Clubs sponsoring youth participants, and should be reported as revenues, and the net assets as Board designated. The RYLA records show that there are accounts receivable for unpaid registration fees, and there are prepaid registration fees, in addition to undeposited cash. These financial statements correct the June 30, 2021 balances. The cumulative effect is a reduction to net assets as of June 30, 2021 of \$12,150.

Following is a summary of the effects on the opening balances in the current financial statements:

	<u>As Reported</u>	<u>Correction</u>	<u>As Corrected</u>
Assets:			
Cash in bank	\$ 267,800	\$ 31,100	\$ 298,900
Accounts receivable	-	3,600	3,600
Liabilities:			
Prepaid registration fees	\$ 4,177	\$ 46,850	\$ 51,027
Net assets:			
Net assets without donor restrictions:			
Board designated	\$ 7,295	\$ 58,843	\$ 66,138
Net assets with donor restrictions	137,864	(46,693)	\$ 91,171

## ROTARY INTERNATIONAL DISTRICT 6000, INC.

Budget Summary  
Year Ended June 30, 2022

	Actual		Net	Budget	Net to Budget Variance
	Revenue	Expense			
Support and revenue:					
District dues	\$ 110,495	-	110,495	119,280	(8,785)
Rotary International	16,664	-	16,664	16,000	664
Interest earned	469	-	469	1,100	(631)
Miscellaneous income	<u>2,232</u>	<u>-</u>	<u>2,232</u>	<u>-</u>	<u>2,232</u>
	<u>129,860</u>	<u>-</u>	<u>129,860</u>	<u>136,380</u>	<u>(6,520)</u>
Expenses:					
Club service:					
DG administrative	2,450	22,945	20,495	26,250	5,755
DGE administrative expense	-	14,109	14,109	7,800	(6,309)
DGN expenses	-	-	-	2,500	2,500
DGND expenses	-	-	-	1,000	1,000
Assistant governors	-	517	517	2,800	2,283
Committee expenses	-	-	-	5,110	5,110
Rotary foundation	-	-	-	2,000	2,000
Fall foundation banquet	4,841	5,296	455	500	45
District assembly	5,162	1,681	(3,481)	1,100	4,581
District meetings	4,985	6,577	1,592	1,750	158
District conference	59,676	64,118	4,442	3,000	(1,442)
NCPETS conference	-	284	284	7,700	7,416
Required meetings	-	<u>12,042</u>	<u>12,042</u>	<u>23,200</u>	<u>11,158</u>
	<u>77,114</u>	<u>127,569</u>	<u>50,455</u>	<u>84,710</u>	<u>34,255</u>
Community service:					
Grants and expense	122,753	121,879	(874)	-	874
Contingency fund	-	13,700	13,700	13,700	-
	<u>122,753</u>	<u>135,579</u>	<u>12,826</u>	<u>13,700</u>	<u>874</u>
International service:					
Xicoteppec Humanitarian project	3,339	823	(2,516)	-	2,516
Polio Plus	-	100	100	-	(100)
	<u>3,339</u>	<u>923</u>	<u>(2,416)</u>	<u>-</u>	<u>2,416</u>
Youth service:					
Youth Exchange	7,135	1,808	(5,327)	-	5,327
RYLA	45,850	62,899	17,049	-	(17,049)
	<u>52,985</u>	<u>64,707</u>	<u>11,722</u>	<u>-</u>	<u>(11,722)</u>
Administrative:					
District office expense	-	36,193	36,193	37,215	1,022
Professional fees	-	8,500	8,500	7,100	(1,400)
	<u>-</u>	<u>44,693</u>	<u>44,693</u>	<u>44,315</u>	<u>(378)</u>
Totals	\$ <u>386,051</u>	<u>373,471</u>	<u>12,580</u>	<u>(6,345)</u>	<u>18,925</u>

See accountant's review report.