

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Financial Statements

June 30, 2023

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REPORT ON THE FINANCIAL STATEMENTS	3
BASIC FINANCIAL STATEMENTS:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-12
SUPPLEMENTARY INFORMATION:	
Budget Summary	13



**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 – tax basis as of June 30, 2023, and the related statements of activities – tax basis, functional expenses – tax basis and cash flows -tax 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 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 the tax basis of accounting the organization uses for income tax purposes; this includes determining that the basis of accounting the organization uses for income tax purposes is an acceptable basis for the preparation of 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 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 the basis of accounting the organization uses for income tax purposes. 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 the basis of accounting the organization uses for income tax purposes.

***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the organization uses for income tax purposes, which is a basis of accounting other than accounting principles accepted in the United States of America. Our conclusion is not modified with respect to this matter.

***Other Matter***

The supplementary information appearing on page 13 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.*

December XX, 2023

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Statement of Financial Position - Tax Basis

June 30, 2023

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Assets

Cash	\$	232,968
Accounts receivable - registration fees		3,600
Investments		<u>101,250</u>
Total assets	\$	<u>337,818</u>

Liabilities and Net Assets

Liabilities:		
Accrued payroll taxes	\$	1,732
Prepaid registration fees		<u>68,830</u>
Total liabilities		<u>70,562</u>
Net assets:		
Without donor restrictions:		
Undesignated		169,340
Board designated		<u>16,894</u>
		186,234
With donor restrictions		<u>81,022</u>
Total net assets		<u>267,256</u>
Total liabilities and net assets	\$	<u>337,818</u>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Statement of Activities - Tax Basis

For the year ended June 30, 2023

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
District dues	\$ 110,705	-	110,705
District events	52,950	-	52,950
International service projects contributions	-	66,313	66,313
Rotary Foundation Community Service Grant	-	90,700	90,700
Rotary Foundation Global Scholarship	-	33,350	33,350
Rotary Foundation Disaster Relief	-	25,000	25,000
Rotary International	18,157	-	18,157
RYLA registration fees	68,249	-	68,249
Youth Exchange contributions	-	13,540	13,540
Interest earned	2,937	-	2,937
Miscellaneous income	400	-	400
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>222,016</u>	<u>(222,016)</u>	<u>-</u>
Total support and revenue	<u>475,414</u>	<u>6,887</u>	<u>482,301</u>
Expenses:			
Programs:			
Club service	108,968	-	108,968
Community service	123,918	-	123,918
International service	96,605	-	96,605
Youth service	89,785	-	89,785
Administrative	<u>48,951</u>	<u>-</u>	<u>48,951</u>
Total expenses	<u>468,227</u>	<u>-</u>	<u>468,227</u>
Change in net assets	7,187	6,887	14,074
Net assets at beginning of year	<u>179,047</u>	<u>74,135</u>	<u>253,182</u>
Net assets at end of year	<u>\$ 186,234</u>	<u>81,022</u>	<u>267,256</u>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**  
Statement of Functional Expenses - Tax Basis  
For the year ended June 30, 2023

	Program Services					Supporting Services	Total
	Club Service	Community Service	International Service	Youth Service	Total Program	General Operations	
Compensation and benefits	\$ -	-	-	-	-	23,148	23,148
Grants	-	123,918	52,177	-	176,095	-	176,095
Program supplies	-	-	-	4,835	4,835	-	4,835
Professional fees	-	-	-	-	-	9,000	9,000
Occupancy	-	-	-	-	-	7,472	7,472
Travel	18,620	-	39,085	-	57,705	443	58,148
Conferences, conventions, and meetings	68,215	-	-	82,522	150,737	-	150,737
Advertising and promotion	5,501	-	-	-	5,501	-	5,501
Office expenses	14,656	-	-	2,313	16,969	6,511	23,480
Information technology	1,976	-	5,343	-	7,319	1,001	8,320
Dues and subscriptions	-	-	-	115	115	-	115
Donations	-	-	-	-	-	250	250
Other	-	-	-	-	-	1,126	1,126
<b>Total functional expenses</b>	<b>\$ <u>108,968</u></b>	<b><u>123,918</u></b>	<b><u>96,605</u></b>	<b><u>89,785</u></b>	<b><u>419,276</u></b>	<b><u>48,951</u></b>	<b><u>468,227</u></b>

See accompanying notes and accountant's review report.

**ROTARY INTERNATIONAL DISTRICT 6000, INC.**

Statement of Cash Flows - Tax Basis  
For the year ended June 30, 2023

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Cash flows from operating activities:	
Cash received from members	\$ 244,384
Cash received from contributions	79,853
Cash received from Rotary International	167,207
Interest received	1,687
Cash paid to suppliers and employees	<u>(482,170)</u>
Net cash flows from operating activities	<u>10,961</u>
Cash flows from investing activities:	
Investment purchases	<u>(100,000)</u>
Net cash flows from investing activities	<u>(100,000)</u>
Net increase (decrease) in cash	<u>(89,039)</u>
Cash at beginning of year	<u>322,007</u>
Cash at end of year	\$ <u>232,968</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

Basis of Accounting

*Effective for the year ended June 30, 2023, management adopted a policy of preparing its financial statements on the basis of accounting that it uses to file its federal income tax return. Prior financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Management believes that this change results in more relevant financial reporting that is easier and less costly to understand, apply, and use in the District's circumstances and considering the needs of the users of the financial statements. This change had no effect on the net assets as previously reported for the year ended June 30, 2022.*

*These financial statements were prepared on the accrual basis of accounting that the District uses for filing its federal income tax return, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis differs from GAAP primarily because the District has directly expensed its lease costs as incurred, rather than recording an asset and liability as promulgated by FASB ASC 842.*

Basis of Presentation

*The District reports 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, 2023, prepaid registration fees totaled \$68,830

### Advertising Costs

Costs for advertising and promotion are expensed as incurred. Advertising and promotion in the current year is \$4,300.

### 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, 2020 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 December XX, 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 \$5,700.

# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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(7) Investments

In March, District 6000 purchased a one-year \$100,000 certificate of deposit. The certificate matures March 28, 2024 and earns interest at 5%. Interest of \$1,250 is accrued as of June 30, 2024.

(8) Board Designated Net Assets

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

Rotary Youth Leadership Awards (RYLA)	\$ <u>16,894</u>
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(9) Net Assets with Donor Restrictions

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, 2023 are as follows:

Subject to expenditure for specific purpose:

Xicotepec	\$ 27,570
Youth Exchange	33,578
Friendship Exchange	669
Rotary Foundation district grants	2,520
Rotary Foundation global grants	<u>19,153</u>
	\$ <u>81,022</u>

(10) 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	\$ 63,178
Youth Exchange	8,787
Rotary Foundation district grants	91,680
Rotary Foundation disaster relief	25,048
Rotary Foundation global scholarships	<u>33,323</u>
	\$ <u>222,016</u>

# ROTARY INTERNATIONAL DISTRICT 6000, INC.

## Notes to Financial Statements

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(11) 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.

(12) Availability of Financial Assets

The District has \$338,818 of financial assets, consisting of cash, receivables and investments, 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 nine to fifteen 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 \$186,234, which equals approximately fifteen months of their current budgeted operating expenses.

## ROTARY INTERNATIONAL DISTRICT 6000, INC.

Budget Summary  
Year Ended June 30, 2023

	Actual		Net	Budget	Net to Budget Variance
	Revenue	Expense			
Support and revenue:					
District dues	\$ 110,705	-	110,705	120,050	(9,345)
Rotary International	18,157	-	18,157	15,500	2,657
Interest earned	2,937	-	2,937	1,100	1,837
	<u>131,799</u>	<u>-</u>	<u>131,799</u>	<u>136,650</u>	<u>(4,851)</u>
Expenses:					
Club service:					
DG administrative	400	23,841	23,441	25,200	1,759
DGE administrative expense	-	10,194	10,194	8,200	(1,994)
DGN expenses	-	178	178	2,600	2,422
DGND expenses	-	760	760	1,000	240
Assistant governors	-	4,578	4,578	2,950	(1,628)
Committee expenses	-	1,200	1,200	7,380	6,180
Fall foundation banquet	7,132	5,392	(1,740)	500	2,240
District assembly	1,633	1,200	(433)	1,100	1,533
District meetings	191	-	(191)	2,025	2,216
District conference	34,139	31,483	(2,656)	13,000	15,656
RI Conference Breakfast	2,080	2,199	119	-	(119)
NCPETS conference	7,775	1,313	(6,462)	-	6,462
Required meetings	-	26,630	26,630	23,700	(2,930)
	<u>53,350</u>	<u>108,968</u>	<u>55,618</u>	<u>87,655</u>	<u>32,037</u>
Community service:					
Grants and expense	115,700	123,918	8,218	-	(8,218)
	<u>115,700</u>	<u>123,918</u>	<u>8,218</u>	<u>-</u>	<u>(8,218)</u>
International service:					
Xicotepec Humanitarian project	66,313	63,178	(3,135)	-	3,135
Global Scholarship	33,350	33,323	(27)	-	27
Global Grants	-	104	104	-	(104)
	<u>99,663</u>	<u>96,605</u>	<u>(3,058)</u>	<u>-</u>	<u>3,058</u>
Youth service:					
Youth Exchange	13,540	8,787	(4,753)	-	4,753
RYLA	68,249	80,998	12,749	-	(12,749)
	<u>81,789</u>	<u>89,785</u>	<u>7,996</u>	<u>-</u>	<u>(7,996)</u>
General Operations:					
District office expense	-	39,701	39,701	35,658	(4,043)
Professional fees	-	9,000	9,000	7,700	(1,300)
Donations	-	250	250	-	(250)
Contingency fund	-	-	-	13,000	13,000
	<u>-</u>	<u>48,951</u>	<u>48,951</u>	<u>56,358</u>	<u>7,407</u>
Totals	\$ <u>482,301</u>	<u>468,227</u>	<u>14,074</u>	<u>(7,363)</u>	<u>21,187</u>

See accountant's review report.