

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Financial Statements

June 30, 2019

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, 2019, and the related statements of activities, cash flows and functional expenses 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.

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.

Other Matter

The supplementary information appearing on page 11 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 30, 2019

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Statement of Financial Position

June 30, 2019

<u>Assets</u>	
Cash in bank	\$ 363,394
Accounts receivable	5,400
Prepaid expense - statue	<u>70,000</u>
Total assets	\$ <u>438,794</u>
 <u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	\$ 5,391
Accrued payroll taxes	<u>599</u>
Total liabilities	<u>5,990</u>
Net assets:	
Without donor restrictions:	
Undesignated	125,804
Board designated (note 3)	<u>18,773</u>
	144,577
With donor restrictions (note 4)	<u>288,227</u>
Total net assets	<u>432,804</u>
Total liabilities and net assets	\$ <u><u>438,794</u></u>

See accompanying notes and accountant's review report.

ROTARY INTERNATIONAL DISTRICT 6000, INC.Statement of Activities
For the year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
District dues	\$ 110,940	-	110,940
District events	37,171	-	37,171
International service projects contributions	-	76,381	76,381
Rotary Foundation Community Service Grant	-	123,145	123,145
Rotary Foundation Global Grants	-	43,667	43,667
Rotary International	14,820	-	14,820
Service to youth contributions	-	282,660	282,660
Interest earned	1,720	-	1,720
Miscellaneous income	420	-	420
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>355,635</u>	<u>(355,635)</u>	<u>-</u>
Total support and revenue	<u>520,706</u>	<u>170,218</u>	<u>690,924</u>
Expenses:			
Programs:			
Club service	121,618	-	121,618
Community service	123,177	-	123,177
International service	109,799	-	109,799
Youth service	122,698	-	122,698
Administrative	43,831	-	43,831
Donations	<u>4,113</u>	<u>-</u>	<u>4,113</u>
Total expenses	<u>525,236</u>	<u>-</u>	<u>525,236</u>
Change in net assets	(4,530)	170,218	165,688
Net assets at beginning of year	<u>149,107</u>	<u>118,009</u>	<u>267,116</u>
Net assets at end of year	\$ <u><u>144,577</u></u>	<u><u>288,227</u></u>	<u><u>432,804</u></u>

See accompanying notes and accountant's review report.

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Statement of Cash Flows
For the year ended June 30, 2019

Cash flows from operating activities:	
Cash received from members	\$ 145,332
Cash received from contributions	359,041
Cash received from Rotary International	186,305
Cash received from other	420
Interest received	1,720
Cash paid to suppliers and employees	<u>(563,176)</u>
Net cash flows from operating activities	<u>129,642</u>
Net increase (decrease) in cash	129,642
Cash at beginning of year	<u>233,752</u>
Cash at end of year	\$ <u>363,394</u>

See accompanying notes and accountant's review report.

ROTARY INTERNATIONAL DISTRICT 6000, INC.
Statement of Functional Expenses
For the year ended June 30, 2019

	Program Services					Supporting Services	Total
	Club Service	Community Service	International Service	Youth Service	Total Program	General Operations	
Compensation and benefits	\$ -	-	-	-	-	18,340	18,340
Grants	-	122,380	59,922	-	182,302	-	182,302
Program supplies	-	-	-	4,004	4,004	-	4,004
Professional fees	-	-	-	-	-	6,850	6,850
Occupancy	-	-	-	-	-	7,622	7,622
Travel	23,550	-	45,066	10,645	79,261	723	79,984
Conferences, conventions, and meetings	76,009	797	-	92,930	169,736	-	169,736
Advertising and promotion	4,249	-	-	3,506	7,755	-	7,755
Office expenses	14,900	-	48	3,004	17,952	6,710	24,662
Information technology	2,910	-	4,763	440	8,113	2,785	10,898
Dues and subscriptions	-	-	-	6,254	6,254	-	6,254
Donations	-	-	-	-	-	4,113	4,113
Other	-	-	-	1,915	1,915	801	2,716
Total functional expenses	\$ <u>121,618</u>	<u>123,177</u>	<u>109,799</u>	<u>122,698</u>	<u>477,292</u>	<u>47,944</u>	<u>525,236</u>

See accompanying notes and accountant's review report.

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Notes to Financial Statements

(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.** 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.

Change in Accounting Method

The District has adopted Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities in the current year. The purpose of the Update is to improve reporting requirements for not-for-profit entities. Changes in the Update which affect the reporting for the District include increasing transparency and utility of information useful in assessing liquidity of financial assets available for expenses to be incurred within one year of the District's year-end. There was no impact on the District's change in net assets or financial condition upon adoption of the new standard.

Cash and Cash Equivalents

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

The District 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.

Accounts Receivable

Accounts receivable are recorded at the transaction amount in the period that goods and services are provided. Accounts receivable are considered past due if not collected within thirty days of billing. All accounts receivable are unsecured. Accounts receivable are considered uncollectible by the District after several contacts have been made and the balance remains uncollected. Based on the evaluation of outstanding accounts receivable and historical experience, the District considers all accounts receivable to be fully collectible and therefore no allowance for doubtful accounts is recorded. The District does not charge interest on delinquent receivables.

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Notes to Financial Statements, continued

Revenue Recognition

Revenues received are recorded as unrestricted or restricted support, depending on the existence and/or nature of donor imposed restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities and expenses as net assets released from restrictions.

Advertising Costs

Costs for advertising and promotion are expenses as incurred. Advertising and promotion in the current year is \$7,755.

Tax Status

The District 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. The District 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, 2016 and prior are no longer open for examination by taxing authorities.

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.

Subsequent Events

Management has evaluated subsequent events through October 30, 2019, the date the financial statements were available to be issued.

Contributed Services

The District 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.

(3) Board Designated Net Assets

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

Club Extension	\$ 4,476
Polio Statue	11,478
Vision Assistance	<u>2,819</u>
	\$ <u>18,773</u>

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Notes to Financial Statements, continued

(4) Net Assets with Donor Restriction

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, 2019 are as follows:

Subject to expenditure for specific purpose:

Xicotepec	\$ 17,357
Youth Exchange	51,785
RYLA	148,256
Friendship Exchange	669
Rotary Foundation district grants	2,468
Rotary Foundation global grants	<u>67,692</u>
	\$ <u>288,227</u>

(5) 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	\$ 79,165
Youth Exchange	25,947
RYLA	96,752
Rotary Foundation district grants	123,177
Rotary Foundation global grants	<u>30,594</u>
	\$ <u>355,635</u>

(6) Availability of Financial Assets

The District has \$368,794 of financial assets, consisting of cash of \$363,394 and accounts receivable of \$5,400, 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 substantially 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 \$80,567, which equals seven and a half months of their current operating expenses.

ROTARY INTERNATIONAL DISTRICT 6000, INC.

Budget Summary
Year Ended June 30, 2019

	Actual		Net	Budget	Net to Budget Variance
	Revenue	Expense			
Support and revenue:					
District dues	\$ 110,940	-	110,940	116,250	(5,310)
Rotary International	14,820	-	14,820	17,000	(2,180)
Interest earned	1,720	-	1,720	600	1,120
Miscellaneous income	20	-	20	-	20
	<u>127,500</u>	<u>-</u>	<u>127,500</u>	<u>133,850</u>	<u>(6,350)</u>
Expenses:					
Club service:					
DG administrative	400	25,908	25,508	23,525	(1,983)
DGE administrative expense	-	7,580	7,580	10,000	2,420
DGN expenses	-	2,492	2,492	2,000	(492)
DGND expenses	-	-	-	1,000	1,000
Assistant governors	-	1,481	1,481	2,600	1,119
Committee expenses	-	60	60	3,550	3,490
Rotary foundation	-	16	16	-	(16)
Fall foundation banquet	3,306	3,320	14	500	486
District assembly	-	1,106	1,106	1,800	694
District meetings	-	659	659	2,000	1,341
District conference	33,865	39,503	5,638	3,000	(2,638)
RI Conference Breakfast	-	2,076	2,076	-	(2,076)
NCPETS conference	-	6,538	6,538	9,000	2,462
Required meetings	-	22,792	22,792	31,800	9,008
Contingency fund	-	8,087	8,087	12,200	4,113
	<u>37,571</u>	<u>121,618</u>	<u>84,047</u>	<u>102,975</u>	<u>18,928</u>
Community service:					
Grants and expense	<u>123,145</u>	<u>123,177</u>	<u>32</u>	<u>-</u>	<u>(32)</u>
International service:					
Xicotepc Humanitarian project	76,381	79,165	2,784	-	(2,784)
Polio Plus	-	40	40	-	(40)
Global Grants	43,667	30,594	(13,073)	-	13,073
	<u>120,048</u>	<u>109,799</u>	<u>(10,249)</u>	<u>-</u>	<u>10,249</u>
Youth service:					
Youth Exchange	38,507	25,947	(12,560)	-	12,560
RYLA	244,153	96,751	(147,402)	-	147,402
	<u>282,660</u>	<u>122,698</u>	<u>(159,962)</u>	<u>-</u>	<u>159,962</u>
Administrative:					
District office expense	-	36,981	36,981	36,653	(328)
Professional fees	-	6,850	6,850	7,000	150
	<u>-</u>	<u>43,831</u>	<u>43,831</u>	<u>43,653</u>	<u>(178)</u>
Donations	-	4,113	4,113	-	(4,113)
Totals	\$ <u>690,924</u>	<u>525,236</u>	<u>165,688</u>	<u>(12,778)</u>	<u>178,466</u>

See accountant's review report.