



ROTARY INTERNATIONAL DISTRICT 6440

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2024

ROTARY INTERNATIONAL DISTRICT 6440

TABLE OF CONTENTS

JUNE 30, 2024

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Supplemental Schedule of Activities	11
Supplemental Schedule of General Fund Programs and Events	12



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rotary International District 6440
Barrington, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of

ROTARY INTERNATIONAL DISTRICT 6440
(a non-profit organization)

which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rotary International District 6440 as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rotary International District 6440 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in the notes to the financial statements, the District adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2022-02, *Financial Instruments-Credit Losses* (Topic 326). Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rotary International District 6440's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rotary International District 6440's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rotary International District 6440's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Eccezion
Strategic Business Solutions

McHenry, Illinois
March 13, 2024

FINANCIAL STATEMENTS

ROTARY INTERNATIONAL DISTRICT 6440
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS			
Cash	\$	402,247	
Accounts Receivable		40,693	
Total Current Assets			<u>\$ 442,940</u>
TOTAL ASSETS			<u><u>\$ 442,940</u></u>
LIABILITIES			
Deferred Revenue	\$	1,200	
Payroll Liabilities		332	
Total Liabilities			<u>\$ 1,532</u>
NET ASSETS			
Without Donor Restrictions			
Undesignated	\$	441,408	
Total Net Assets			<u>441,408</u>
TOTAL LIABILITIES AND NET ASSETS			<u><u>\$ 442,940</u></u>

The Notes to Financial Statements are an integral part of this statement.

ROTARY INTERNATIONAL DISTRICT 6440
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>
REVENUES, GAINS, AND OTHER SUPPORT	
Dues, Assessments and Contributions	\$ 172,726
Programs	206,858
Events	20,391
Miscellaneous	8,346
Total Revenues, Gains, and Other Support	<u>\$ 408,321</u>
EXPENSES	
Program Services	\$ 274,400
Management and General	90,340
Total Expenses	<u>\$ 364,740</u>
CHANGE IN NET ASSETS	\$ 43,581
NET ASSETS AT BEGINNING OF YEAR	<u>397,827</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 441,408</u></u>

The Notes to Financial Statements are an integral part of this statement.

ROTARY INTERNATIONAL DISTRICT 6440
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services Management and General	Total Expenses
Accounting	\$ -	\$ 14,659	\$ 14,659
Awards	-	50	50
Chair membership	-	1,144	1,144
Communication	-	118	118
Conferences and Meetings	116,213	33,003	149,216
District Programs	8,489	-	8,489
Events	7,666	-	7,666
Grant Expenses	97,091	-	97,091
Office Expense	-	12,712	12,712
Payroll Taxes	-	1,305	1,305
Pets	33,591	-	33,591
Registration	-	7,653	7,653
Salaries and Wages	-	15,410	15,410
Scholarships	11,350	-	11,350
Travel	-	3,638	3,638
Website	-	648	648
	<u>\$ 274,400</u>	<u>\$ 90,340</u>	<u>\$ 364,740</u>

The Notes to Financial Statements are an integral part of this statement.

ROTARY INTERNATIONAL DISTRICT 6440
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$	43,581
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
(Increase)/Decrease in Assets:		
Accounts Receivable		7,546
Increase/(Decrease) in Liabilities:		
Accounts Payable		(12,974)
Deferred Revenue		1,200
Payroll Liabilities		(85)
Net Cash Flows Provided/(Used) by Operating Activities		<u>\$ 39,268</u>
NET INCREASE/(DECREASE) IN CASH		\$ 39,268
CASH AT BEGINNING OF YEAR		<u>362,979</u>
CASH AT END OF YEAR		<u><u>\$ 402,247</u></u>

The Notes to Financial Statements are an integral part of this statement.

ROTARY INTERNATIONAL DISTRICT 6440
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rotary International District 6440 (the District) is a not-for-profit entity organized in the State of Illinois. The District operates exclusively for the promotion of social welfare. The District is funded mainly with dues from the members within the District.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the District and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the District. These net assets may be used at the discretion of the District's management and the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the District or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

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

Accounts Receivable & Allowance for Credit Loss

Accounts receivable is recorded net of an applicable allowance for credit losses. The Organization makes estimates of the uncollectability of its accounts receivable based on historical performance and projected trends. The District analyzes accounts receivable and historical bad debt levels, customer/grantor credit worthiness, and current economic trends when evaluating the adequacy of the allowance for credit losses. The District evaluates all accounts aged past 120 days to estimate the portion which is uncollectible. Uncollectible receivables are charged against expense in the year they are deemed uncollectible. Accounts receivable were assessed to be 100% collectible and therefore no allowance has been provided in these financial statements.

Property and Equipment

The District will capitalize purchased property and equipment at cost and depreciated on a straight-line basis over the estimated useful lives as follows:

Building	20 years
Improvements	20 years
Fixtures	7 years
Vehicles	5 years

NOTES TO FINANCIAL STATEMENTS (Continued)

The fair value at the date of gift of donated property and equipment is similarly capitalized.

Revenue and Revenue Recognition

Membership dues, which are nonrefundable, are comprised of an exchanged element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The District recognizes the exchange portion of membership dues over the membership period and the contribution portion immediately.

The District recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend on have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

In-Kind Contributions

In-kind contributions of property and equipment are recorded as contributions at the estimated fair value of the property contributed at the date of donation.

In-kind contributions of services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills and would otherwise need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the District in carrying out their mission. Management estimates that 25 volunteers donated 4,000 hours of service during the year ended June 30, 2024; however, these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses are charged directly to programs or Management and General categories based upon specific identification where possible. Expenses are allocated between these categories based on time and effort spent. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Management evaluates, on an ongoing basis, the estimates and assumptions based on new information. Management represents that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The District is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and reported no unrelated business income for the year ended June 30, 2024. Management represents there are no uncertain tax position or other provision for income taxes that should be recognized in these financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

Leases

Under the guidance of Topic 842, the District determines if an arrangement contains a lease at inception based on whether or not the District has the right to control the asset during the contract period and other facts and circumstances.

The District is the lessee in a lease contract when it obtains the right to control the asset. The right-of use (ROU) assets represent the District's right to use underlying assets for the lease term, and the lease liabilities represent the District's obligation to make lease payments arising from these leases. The ROU assets resulting from operating leases and the related liabilities are separately stated on the face of the Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date. ROU assets also can include adjustments related to lease payments made and/or lease incentives received at or before the commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term. The District does not currently have any material operating type leases that fall under this policy.

Finance leases are those in which ownership is transferred, or an arrangement which results in either the present value of lease payments being greater than 90% of the fair market value of the asset or lease term being greater than 75% of the estimated useful life of the asset. Finance lease ROU assets and the related liabilities are separately stated on the face of the Statement of Financial Position. The ROU asset is amortized over either the useful life of the asset or lease term, depending on the facts and circumstances of the lease. The District does not currently have any material financing type leases that fall under this policy.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District maintains nine bank accounts at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at June 30, 2024 exceeded federally insured limits by \$187,180. The District has not experienced any losses in such accounts. Management represents it is not exposed to any significant credit risk on its cash balance.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the District has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

NOTES TO FINANCIAL STATEMENTS (Continued)

- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the District measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values approximate carrying value for all assets and current liabilities, measured on a recurring basis, at June 30, 2024. All are considered Level 1 observable inputs; the carrying amount approximates fair value because of the short maturities thereof.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following table shows the total financial assets held by the District and the amounts of those financial assets that could be readily made available within one year of the Statement of Financial Position date to meet general expenditures.

Financial assets at year end:	
Cash and Cash Equivalents	\$ 402,247
Accounts Receivable	40,693
Total Financial Assets	<u>\$ 442,940</u>
Financial assets available to meet general expenditures over the next twelve months	
	<u><u>\$ 442,940</u></u>

The District's goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and Equipment owned by the district at June 30, 2024 consists of the following:

	Cost	Accumulated Depreciation	Book Value
Equipment	<u>\$ 2,473</u>	<u>\$ 2,473</u>	<u>\$ -</u>

There is no depreciation expense recorded in the current year as the equipment is fully depreciated prior to the year ending June 30, 2024.

NOTE 6 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 13, 2025, the date on which the financial statements were available to be issued.

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLE

The District adopted FASB ASC 326, with a date of initial application of July 1, 2023, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2022-02, *Financial Instruments-Credit Losses* (Topic 326). The Center did not have any material agreements that fell under this standard, therefore, there were no adjustments related to the implementation of this standard.

SUPPLEMENTARY INFORMATION

ROTARY INTERNATIONAL DISTRICT 6440
SUPPLEMENTAL SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	General	Youth Exchange	District Training	Fall/ Summit	PETS	District Conference	Vocational Scholarships	Global Grant Scholarships	Total
REVENUE									
Dues	\$ 108,890	\$ 8,832	\$ -	\$ -	\$ 31,500	\$ 16,272	\$ 7,232	\$ -	\$ 172,726
Program Fees - General	206,858	-	-	-	-	-	-	-	206,858
Events	20,391	-	-	-	-	-	-	-	20,391
Miscellaneous	8,346	-	-	-	-	-	-	-	8,346
TOTAL REVENUE	<u>\$ 344,485</u>	<u>\$ 8,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>	<u>\$ 16,272</u>	<u>\$ 7,232</u>	<u>\$ -</u>	<u>\$ 408,321</u>
EXPENSES									
District Officers	\$ 43,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,284
District Operations	44,055	-	-	-	-	-	-	-	44,055
Restricted Expenses	-	-	-	-	33,591	-	9,000	2,350	44,941
Program Expenses	223,766	-	-	-	-	-	-	-	223,766
Events	7,666	-	-	-	-	-	-	-	7,666
District Committees	1,028	-	-	-	-	-	-	-	1,028
TOTAL EXPENSES	<u>\$ 319,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,591</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 2,350</u>	<u>\$ 364,740</u>
INCREASE/(DECREASE) IN NET ASSETS	\$ 24,686	\$ 8,832	\$ -	\$ -	\$ (2,091)	\$ 16,272	\$ (1,768)	\$ (2,350)	\$ 43,581
NET ASSETS/(DEFICIT) BEGINNING OF YEAR	<u>108,547</u>	<u>45,662</u>	<u>60,271</u>	<u>9,750</u>	<u>43,208</u>	<u>101,260</u>	<u>39,027</u>	<u>(9,898)</u>	<u>397,827</u>
END OF YEAR	<u>\$ 133,233</u>	<u>\$ 54,494</u>	<u>\$ 60,271</u>	<u>\$ 9,750</u>	<u>\$ 41,117</u>	<u>\$ 117,532</u>	<u>\$ 37,259</u>	<u>\$ (12,248)</u>	<u>\$ 441,408</u>

See Accompanying Independent Auditor's Report

ROTARY INTERNATIONAL DISTRICT 6440
SUPPLEMENTAL SCHEDULE OF GENERAL FUND PROGRAMS AND EVENTS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>INCOME</u>	<u>EXPENSE</u>	<u>INCOME/ (LOSS)</u>
PROGRAMS			
District Grants	\$ 80,988	\$ 96,091	\$ (15,103)
Health-Rays	-	1,000	(1,000)
Leadership Academy	-	3,601	(3,601)
RYLA	125,870	116,213	9,657
District Programs	-	6,861	(6,861)
	<u>\$ 206,858</u>	<u>\$ 223,766</u>	<u>\$ (16,908)</u>
EVENTS			
District Fellowship	\$ 210	\$ 6,989	\$ (6,779)
Installation Dinner	10,010	435	9,575
Holiday Party	1,140	-	1,140
RI Reimbursement	9,031	-	9,031
Taiwan Reception	-	242	(242)
	<u>\$ 20,391</u>	<u>\$ 7,666</u>	<u>\$ 12,725</u>

See Accompanying Independent Auditor's Report