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swallow*

ROTARY INTERNATIONAL DISTRICT 7090

Financial Statements

June 30, 2011



ROTARY INTERNATIONAL DISTRICT 7090

Financial Statements

June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Members of
Rotary International District 7090

We have audited the accompanying financial statements of Rotary International District 7090, which comprise the balance sheet as at June 30, 2011, and the statements of operations and fund balances, restricted funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from its members in the form of dinner, training, and conference fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures for the year, and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rotary International District 7090 as at June 30, 2011, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara-on-the-Lake, Ontario
December 6, 2011

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

ROTARY INTERNATIONAL DISTRICT 7090

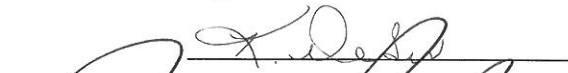
BALANCE SHEET

June 30, 2011


(stated in U.S. \$)

Assets	2011	2010
	\$	\$
Current Assets		
Cash	239,897	244,542
Restricted cash	7,109	7,109
Accounts receivable	13,812	1,577
Prepaid expenses	1,774	3,840
	262,592	257,068
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	31,970	61,672
Fund Balances		
Restricted funds	7,109	7,109
Unrestricted funds	223,513	188,287
	230,622	195,396
	262,592	257,068

Signed on behalf of the board:



District Governor



District Treasurer

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF RESTRICTED FUNDS

for the year ended June 30, 2011

(stated in U.S. \$)

	District History \$	Council on Legislation \$	Manual of Procedure \$	2011 \$	2010 \$
Balance, Beginning of Year	3,486	2,735	888	7,109	7,109
Balance, End of Year	3,486	2,735	888	7,109	7,109

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF OPERATIONS AND FUND BALANCES

for the year ended June 30, 2011

(stated in U.S. \$)

	Unaudited		
	Budget	2011	2010
	\$	\$	\$
Revenue			
District Conference	45,000	36,510	43,409
District Governor	15,700	17,480	8,723
District Simplified Grants	24,800	24,800	24,500
Interest and other	1,500	619	2,307
Membership dues	80,450	83,946	83,751
Insurance assessment revenue	30,000	30,654	32,362
PETS and District Assembly	37,850	35,871	39,573
Rotary Foundation Dinner	14,000	11,363	
Rotary Now DVD			3,485
RYLA	30,000	31,890	30,999
Seminar training	1,400		696
Slapshot	17,600	17,959	18,915
Public relations and communication		8,779	10,871
Foreign exchange gain		7,089	1,706
	298,300	306,960	301,297
Expenses			
Administration - schedule 1	43,650	45,219	37,143
Directors and committees - schedule 1	18,000	25,281	21,613
District Conference	45,000	35,024	39,365
District Simplified Grants	24,800	24,800	24,500
PETS and District Assembly	45,150	32,164	33,621
Rotary Foundation Dinner	14,000	8,944	
Rotary Now DVD		283	1,109
RYLA	30,000	31,812	27,561
Standing committees - schedule 1	34,500	32,470	33,456
Slapshot	17,600	18,311	16,587
Training - schedule 1	24,600	17,426	26,554
Youth Exchange	1,000		
	298,300	271,734	261,509
Excess of Revenue over Expenses for the Year		35,226	39,788
Unrestricted Fund Balance, Beginning of Year	188,287	188,287	148,252
Net Investment in Fixed Assets			247
Unrestricted Fund Balance, End of Year	188,287	223,513	188,287

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

STATEMENT OF CASH FLOWS

for the year ended June 30, 2011

(stated in U.S. \$)

	2011	2010
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	35,226	39,788
Depreciation		247
Working capital provided by operations	35,226	40,035
Changes in working capital components		
Accounts receivable	(12,235)	4,414
Prepaid expenses	2,066	663
Accounts payable and accrued liabilities	(29,702)	28,023
Funds provided (used) by operating activities	(39,871)	33,100
Increase (Decrease) in Cash Position	(4,645)	73,135
Cash Position, Beginning of Year	251,651	178,516
Cash Position, End of Year	247,006	251,651
Cash Position		
Cash	239,897	244,542
Restricted cash	7,109	7,109
	247,006	251,651

See accompanying notes

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

(stated in U.S. \$)

Organization

Rotary International District 7090 (the District) is comprised of Rotary Clubs located in Western New York, U.S.A. and Southern Ontario, Canada. The purpose of the District is as follows:

General

Collection of monies from local clubs to be used by the District Governor in order to provide leadership advice and assistance to the various clubs.

District Conference

Host an annual event attended by Rotarians, spouses and guests at which the attendees share fellowship and learn about various Rotary activities.

RYLA

Rotary Youth Leadership Awards (RYLA) is an annual session at which young adults ages 19 - 25 are provided with a week of leadership training.

District Assembly

District Assembly is a program to train and inform club officers of the various Rotary Clubs in the District.

PETS

President Elect Training Sessions (PETS) is a program to train and inform club presidents-elect of the Rotary Clubs in the District.

Rotoract and Interact

The purpose of this program is to assist Clubs to establish and maintain Rotoract and Interact clubs in colleges and high schools, respectively. These clubs provide an opportunity for students to become involved in community and international activities in association with Rotary.

Slapshot

Student Leadership Award for Students High on Training (SLAPSHOT) is an annual session at which young adults ages 16 - 18 are provided with a week of leadership training.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

(stated in U.S. \$)

1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Revenue recognition

Revenue is recognized in the fiscal year to which it applies. Accordingly, receivables are recorded for dues or fees uncollected as of the end of the fiscal year. Revenue applicable to a future period is recognized when earned.

The work of the organization is dependent on the voluntary service of many members. Since these services are not normally purchased by the organization and because of the difficulty of determining their value, contributed services are not recognized in these financial statements.

Foreign currency translation

These financial statements are presented in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Gains and losses on translation are reflected in net earnings of the period.

Financial instruments

Cash and restricted cash is classified as "held-for-trading" and measured at fair value.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.

Accounts payable and accrued liabilities are classified as "other financial liabilities" and are initially measured at their fair value.

The organization is required to classify fair value measurement using a fair value hierarchy, which includes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets or quoted prices that are derived principally from or corroborated by observable market data or other means;

Level 3 - Unobservable inputs that are supported by little or no market activity.

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

(stated in U.S. \$)

1. Significant Accounting Policies - continued

Tax status

The District is a subordinate unit of Rotary International and is covered by a blanket exemption from U.S. federal income tax under Section 501(c)(4) of the Internal Revenue Code as a social welfare organization. The letter of determination from the IRS was dated May 13, 1958, and that status still remains.

Fund accounting

The organization uses the restricted fund method to account for revenues and expenses. The Board of Directors has internally restricted resources for the purposes of updating and publishing a triennial District 7090 history, council on legislation expenditures and updating and publishing the District's Manual of Procedure every fifth year. The District also operates a general fund for all other activities.

2. Financial Instruments

Price risk and cash flow risk

The organization has assets and liabilities denominated in both U.S. and Canadian currency that fluctuate in value as current exchange rates change. Accordingly, the organization is exposed to price risk as exchange rates fluctuate.

Recognition and measurement

Level 1 - The fair value of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities corresponds to their carrying value due to their short term maturity.

3. District Designated Funds

In addition to District Simplified Grants included in revenue, Rotary International disbursed District Designated Funds on behalf of District 7090 as follows:

	2011	2010
	\$	\$
Matching Grants	38,005	75,910
Ambassadorial Scholarship		24,000
Polio Plus Fund	32,000	30,265
Group Study Exchange	13,000	
Rotary Centres for International Studies	50,000	
Other	46,500	
	179,505	130,175

ROTARY INTERNATIONAL DISTRICT 7090

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

(stated in U.S. \$)

4. Controlled Entities

The Board of Directors of Rotary District 7090 Youth Exchange Inc. has members in common with District Council of Rotary District 7090. Since the financial statements have not been consolidated, the financial summaries of Rotary District 7090 Youth Exchange Inc., as at June 30, are as follows:

Financial Position	2011	2010
	\$	\$
Total Assets	16,702	15,202
Total Liabilities	3,327	9,856
Net Assets	13,375	5,346
	16,702	15,202
Results of Operations		
	2011	2010
	\$	\$
Total revenues	52,000	45,663
Total expenses	43,971	42,878
Excess of Revenues over Expenses	8,029	2,785

Rotary District 7090 Youth Exchange Inc. was incorporated in New York State in 2008 and is exempt from U.S. federal income tax under Section 501(3)(c) of the Internal Revenue Code.

The purpose of Youth Exchange is to give high school aged students the opportunity to live in a foreign country for one year. At the same time, foreign students spend one year with local families approved by Rotary District 7090 Youth Exchange Inc.

5. Recently Issued Accounting Pronouncements

In December 2010, the Canadian Accounting Standards Board ("AcSB") approved new accounting standards for not-for-profit organizations. These new standards are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2012, with earlier application being permitted. The transition date for the organization will be no later than July 1, 2012, as the organization's first year can be no later than June 30, 2013, with a requirement to restate comparative figures, which for the organization would be no later than June 30, 2012. The organization has not yet begun assessing the impact of these new standards on their financial statements or whether these standards will be applied earlier than their required effective date.

ROTARY INTERNATIONAL DISTRICT 7090

Schedule 1

SCHEDULE OF EXPENSES

for the year ended June 30, 2011

(stated in U.S. \$)

	Unaudited Budget \$	2011 \$	2010 \$
Administration			
Assistant Governors	1,400	100	191
Depreciation			247
District Council	2,400	2,886	2,432
Governor	12,700	15,600	11,971
Newsletter	3,000	1,125	
Office, website maintenance and other	24,150	25,508	22,302
	43,650	45,219	37,143
Directors and Committees			
Scholarships	300	513	177
Group Study Exchange	2,500	365	1,449
Other	4,900	2,811	3,945
Rotary Foundation	1,600	7,303	1,052
World Community Service	200	640	
Public relations and communication	8,500	13,649	14,990
	18,000	25,281	21,613
Standing Committees			
Finance and audit	4,500	4,245	4,369
Insurance	30,000	28,225	29,087
	34,500	32,470	33,456
Training			
Assistant Governor training	600		
District Governor	7,500	5,314	7,148
District Governor Elect	7,500	5,713	7,439
District training	6,500	3,380	8,509
District Governor Nominee	2,500	3,019	3,458
	24,600	17,426	26,554

See accompanying notes