

An Explanation of the 2013-14 Proposed Budget

Prepared by Pravin D Suchak, District Finance Committee Chair

The District Finance Committee and the District Governor Elect Kevin Crouse along with the help of the directors and chairs of district committees has put together a budget for Rotary District 7090 for the 2013-14 year. It is a financial guide for us to follow. If unexpected events occur we can draw on contingency funds – line 125 that are included in the budget as well as a reserve which in our audited financial statement for 2011-12 has left us with \$254,125 which exceeds the two years of budgeted expenses the district tries to maintain. We trimmed down certain figures based on the expectation that certain items that occurred this year will not re-occur and we increased certain lines due to some new innovations as well as to meet the needed funding for additional requirement in certain programs.

In anticipation of The Rotary Foundation moving to the new Future Vision program on July 1, 2013 we have added a new budget line – Grants Management Seminar - line 90 and increased the line items 91- 93. The District Web Site Annual Fee has been taken out of Communications - line 100 and put back into line 69. Awards and Recognitions - line 121 has been increased. Incoming DG Kevin Crouse has plans to significantly increase the awards and recognitions for clubs and individual Rotarians during his year.

In recognition of several comments and concerns for PETS Fee Assessment per club raised by smaller clubs we have reduced the club PETS Assessment from \$450 - line 153 to \$200 - line 155. The difference will be made up by a one-time subsidy of \$250 per club - line 154 from the Reserves, and District Training – PETS line 114 is reduced to zero.

Last year the Finance Committee made a onetime transfer of \$12,800 from reserves – line 132 to balance a deficit budget – line 131 and thus kept the per capita dues – lines 149 and 150 lower than the year before. In light of the fact that we are making a \$250 per club subsidy (a total of \$17,500 for 70 clubs) this year, the Finance committee felt that we should not take any more funds from reserves.

Therefore this proposed budget has an increase of just over \$5 per member – lines 149 and 150. The reasons for the increase are: (1) Some of the line items have been increased to fund the additional requirements of some of the District programs and (2) we have used a projected membership of 2500 (50 members less than last July).

Several items in our budget generate revenues sufficient to cover the projected expenses. These are listed on the first page: District Conference, Foundation Dinner, RYLA, SLAPSHOT, and the District Assembly.

Some other programs have specific per capita assessments to either help or cover the expense:

-District Conference, line – 15 and 145 has a \$3.00/capita assessment that is in lieu of a registration fee.

-Insurance. Lines 143 and 144 continue to increase this year. For the past few years RI has assessed the US clubs for liability insurance. This is paid by the US clubs along with their RI dues. The Canadian clubs receive their liability insurance through the district in conjunction with other Canadian districts. Because the number of Canadian Rotarians who join in getting their insurance is less than the US pool the cost per Rotarian is higher. The number of US and Canadian Rotarians in our district is about even. Because we are a district, the per capita cost is computed and the US clubs then get a credit for what they pay to RI. Our district insurance committee has reviewed the coverage we currently have with what RI is giving us. The committee believes that although RI continues to work with their insurer to equate the policy with the insurance we and other districts have, there still are gaps. The insurance committee recommends a US crime policy as well as raising Canadian D&O limits from 2 million to 3 million dollars.

Sources of Income:

RI gives our DG an allotment. It changes each year based on the estimated travel costs incurred to visit the clubs. The RI allotment is paid directly to the DG and is included in the budget for information only. We don't have the amount of allocation for 2013 -14 yet – line 5. Since the RI allotment is not sufficient to cover all DG functions, the district allows additional funds to cover some of these costs.

AG Reimbursement: RI sends the District 10% of the DG allotment for training of the Assistant Governors but the amount must be spent and documented for RI.

Per capita District Dues: The per capita dues are \$50.92 for US clubs and \$ 55.42 for the Canadian clubs. The dues include general assessment, \$3 for District Conference registration, \$10.72 NY insurance and \$15.22 ON insurance.

Per club charge: \$200 (plus \$250 per club from reserves) covers the majority of PETS training costs.

Other Income: The District Conference gains income from charges for meals and special events as well as sponsorships. The Foundation Dinner, PETS, RYLA, SLAPSHOT, and the District Assembly all receive funds as part of the registration fee for each event. These events are expected to be revenue neutral but sometimes a small income or loss is generated.

Interest Income: This is interest on our Reserve Funds and other short-term (GIC) investments.

Expenditures:

There are two categories of expenditures: those with no offsetting revenue, and those with some or all.

Administration: Expenses for the DG and AG are partially offset by reimbursement from RI. Other expenses receive no subsidy and are paid out of General Assessment although parts of DGE and DGN training are paid directly by RI and are not part of this budget.

Directors and Committees:

Standing Committees: District Insurance is offset by the Insurance assessment.

Finance and Audit covers the cost of having our Financial Statement audited and 990 forms filed with IRS. There is no separate filing required on the Canadian side. The cost is covered by the General Assessment.

Bank Charges are for use of Canadian and American Credit Card machines that are available for use by all clubs

Training: PETS expenditures normally operate on a cost recovery basis. However this year in addition to a per club assessment of \$200, \$250 per club from the district reserves will be used. District Assembly operates on a cost recovery basis.

DG and DGE Training – lines 118 and 117 remain the same; **DGN Training** – line 116 has been reduced because the Zone Institute will be in Philadelphia. **District Directors Training** at the Zone Institute – lines 112 and 113 has an increase of \$500 to adequately fund training for the **District Trainer, Rotary Foundation Director and Membership Director** at the Zone Institute. The **Visioning program** budget line 119 is increased to \$500 to be consistent with costs in the prior years.

If you have any questions on the proposed District Budget for 2013-2014 please email your questions to District Finance Committee chair Pravin Suchak (Pravin.suchak@gmail.com) **with a copy** to District Finance Committee Co-Chair Don DeMeo (ddemeo@forest-lawn.com)