

Notes to 2015-16 Proposed Budget

Prepared by John Heise, District Finance Committee Chair

The District Finance Committee and District Governor Elect Kevin Crosby, along with input requested from the Directors and Chairs of our District committees, has put together a budget for Rotary District 7090 for the 2015-16 year. It is a financial guide for us to follow. If unexpected events occur we can draw on contingency funds (line 124) that are included in the budget as well as a reserve which in our audited financial statement for 2013-14 has left us with \$206,866 which exceeds the two years of budgeted expenses the District tries to maintain. We encourage all Clubs to consider this good practice when developing their own annual budget.

In addition, a realistic review of all expenses was undertaken resulting in reduction where possible and some slight increases when necessary to meet the needed funding for additional requirements in some programs.

It is noted that **Line 78 Total Administration for 2013-2014 Budget is incorrect, should be \$25,700**, however we have left the figures as presented and approved.

For 2015-2016, total general expenses reflect an overall decrease when compared to the last year. Our total membership continues to decline, although not as steep a rate as that of previous years. Based on membership of 2350 members, a decline year over year of 50 members, the general assessment dues @ \$35.83 provide \$84,200 to the required General Assessment revenue with the balance from interest and other income. This assessment compares favorable to that of previous years.

Several items in our budget are expected to 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. (It must be noted, however, that the past two District conferences [2013-2014, 2014-2015] have had expenses exceed revenue and we have had to use reserves to cover the shortfalls.)

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

-District Conference, lines 13/144 reflect a \$3.00/capita assessment that is in lieu of a registration fee.

-Insurance. Lines 142 and 143. 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 continues to recommend a US crime policy as well as maintaining Canadian D&O limits at 3 million dollars.

Final Assessment per Member (lines 148/149/150)

The continued decline in our membership numbers drives the per member cost of maintaining the fixed costs of our District. Calculation of the final District Dues per member as follows:

U.S. Clubs Cdn. Clubs

General Assessment @ \$35.83 \$35.83

Insurance Assessment 11.61 17.78

Conference Registration 3.00 3.00

Final District Dues \$50.44 \$56.61

In keeping with the innovation of the 2013-2014 budget, we have once again reduced the club PETS Assessment from \$400 - line 153 to \$200 - line 156. The difference will be made up by a subsidy of \$200 per club - line 155 from the Reserves, and District Training – PETS line 113 remains at zero. Please note that PETS costs have been slightly reduced by incorporating a portion of the training into the annual District Training Assembly.

Sources of Income:

- **RI gives our DG an allotment.** The RI allotment is paid directly to the DG. It changes each year based on the estimated travel costs incurred to visit the clubs. 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 reimbursement. This reimbursement arrives the following year, after the training.
- **Per capita District Dues:** The per capita dues are \$50.44 for US clubs and \$ 56.61 for the Canadian Clubs. The dues include general assessment, \$3 for District Conference registration, \$11.61 NY insurance and \$17.78 ON insurance.
- **Per club charge:** \$200 (plus \$200 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 is paid directly by RI and is not part of this budget.
- **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 Sage (US) and proposed use of Beanstream (CA) credit card processing operations.
- **Training: PETS** expenditures normally operate on a cost recovery basis. However once again this year in addition to a per club assessment of \$200, \$200 per club from the District reserves will be used.
- **District Assembly** operates on a cost recovery basis.
- **DG and DGE Training** – lines 117 and 116 reflect a slight decrease.
- **DGN Training** – line 115 remains the same.
- **District Directors Training** at the Zone Institute – lines 111 and 112 remains the same to fund training for the **District Trainer, Rotary Foundation Director and Membership Director** at the Zone Institute.

If you have any questions on the proposed District Budget for 2014-2015 please email your questions to District Finance Committee Chair John Heise (jheise@rochester.rr.com) with a **copy** to District Finance Committee Co-Chair/District Treasurer Don DeMeo (dademeo@roadrunner.com).