

ROTARY INTERNATIONAL DISTRICT 7890  
FINANCIAL STATEMENTS  
For The Years Ended June 30, 2013 and 2012

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**GitlinCampise, LLC**  
*Certified Public Accountants*

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***Independent Accountants' Compilation Report***

To The Board of Directors  
Rotary International District 7890

We have compiled the accompanying statement of financial position of Rotary International District 7890 as of June 30, 2013, and the related statements of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2012 financial statements of Rotary International District 7890 were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated December 17, 2012, but we have not performed any procedures in connection with that review engagement since that date.

We were not independent with respect to Rotary International District 7890 for fiscal year ending June 30, 2013.

GitlinCampise, LLC  
Certified Public Accountants

April 4, 2014  
West Hartford, Connecticut

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ROTARY INTERNATIONAL DISTRICT 7890  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2013 (Compiled) and 2012 (Reviewed)

|   | <u>2013</u>       | <u>2012</u>       |
|---|-------------------|-------------------|
| ASSETS  |                   |                   |
| Assets:   |                   |                   |
| Cash  | \$ 81,809         | \$ 21,259         |
| Cash restricted - RYLA  | 21,404            | 22,083            |
| Cash restricted - District Grants                                       | 3,517             | 5,532             |
| Accounts receivable   | 20,804            | 36,260            |
| Prepaid expenses  | 3,472             | 7,816             |
| Investments, at market, cost was<br>\$83,528 and \$81,507, respectively | <u>98,048</u>     | <u>87,576</u>     |
| Total Assets  | <u>\$ 229,054</u> | <u>\$ 180,526</u> |
| LIABILITIES AND NET ASSETS  |                   |                   |
| Liabilities:  |                   |                   |
| Accounts payable and accrued liabilities                                | <u>\$ 22,834</u>  | <u>\$ -</u>       |
| Net assets:   |                   |                   |
| Board designated District Grants  | 3,517             | 5,532             |
| Board designated Investments  | 98,048            | 87,576            |
| Unrestricted  | 83,251            | 65,335            |
| Board designated - RYLA   | <u>21,404</u>     | <u>22,083</u>     |
| Total net assets  | <u>206,220</u>    | <u>180,526</u>    |
| Total Liabilities and Net Assets  | <u>\$ 229,054</u> | <u>\$ 180,526</u> |

See independent accountants' report  
and notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7890  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2013 (Compiled) and 2012 (Reviewed)

|  | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|--|----------------------|----------------------|
| Income:  |                      |                      |
| Dues   | \$ 111,637           | \$ 105,830           |
| Conference   | 51,501               | 71,155               |
| Student youth exchange   | 7,500                | 5,350                |
| Newsletter advertising and donations                             | 42                   | 22,000               |
| District P.E.T.S. and Pre-P.E.T.S.                               | 6,046                | 925                  |
| District assembly  | 5,033                | 7,740                |
| RYLA   | 21,462               | 22,962               |
| Rotary International - District governor                         | 7,945                | 10,200               |
| Special events   | 16,561               | 14,300               |
| Foundation Dinner  | 11,049               | 11,748               |
| Foundation - Polio plus  | 21,315               | 25,299               |
| Golf tournament - net  | 1,699                | 1,488                |
| Rotary International Shared Distribution                         | 18,416               | 19,158               |
| Dividends, interest, realized<br>and unrealized gains and losses | 10,488               | 1,320                |
| Miscellaneous  | 10,705               | 6,372                |
| Total income   | <u>301,399</u>       | <u>325,847</u>       |
| Operating Expenses:  |                      |                      |
| Administration:  |                      |                      |
| Professional - review  | \$ 1,000             | \$ 500               |
| DG - Elect   | 5,414                | 4,586                |
| DG - Nominee   | 417                  | 536                  |
| DG - Past DG   | -                    | 500                  |
| DG newsletter  | 4,246                | 4,629                |
| District directory   | 1,400                | -                    |
| District Governor  | 14,138               | 12,864               |
| District Secretary   | 388                  | -                    |
| District Treasurer   | 127                  | 929                  |
| Assistant DG   | 15,132               | 15,038               |
| Rotary Institute   | 500                  | -                    |
| Miscellaneous  | 1,955                | 1,382                |
| Website  | 3,441                | 1,548                |
| Insurance  | 3,800                | 3,800                |
| International convention   | 9,322                | 3,062                |
| Total administration   | <u>61,280</u>        | <u>49,374</u>        |

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ROTARY INTERNATIONAL DISTRICT 7890  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2013 (Compiled) and 2012 (Reviewed)

Continued

|  | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|--|----------------------|----------------------|
| Operating Expenses:                    |                      |                      |
| Meeting:                               |                      |                      |
| District P.E.T.S. and Pre-P.E.T.S.     | \$ 20,737            | \$ 18,286            |
| District conference                    | 55,625               | 74,287               |
| Zone Institute                         | 8,798                | 4,479                |
| Rotary Link                            | -                    | 400                  |
| College of Governors                   | 504                  | 371                  |
| Total meeting expense                  | <u>85,664</u>        | <u>97,823</u>        |
| Committees:                            |                      |                      |
| Public relations - membership          | 12,731               | 27,060               |
| Group Study Exchange                   | 669                  | 646                  |
| Interact/Rotaract                      | 4,439                | 3,922                |
| RYLA                                   | 22,192               | 23,676               |
| Rotary Foundation                      | 11,299               | 15,452               |
| Rotary Foundation - Polio plus         | 20,275               | 28,432               |
| Student Youth Exchange                 | 7,203                | 8,144                |
| Membership                             | 251                  | 588                  |
| District assembly                      | 5,175                | 6,182                |
| Grant committee                        | 22,397               | 24,856               |
| Total committees                       | <u>106,631</u>       | <u>138,958</u>       |
| Other expenses:                        |                      |                      |
| Special event - Tornado relief         | 10,000               | 3,000                |
| Special event - Installation dinner    | 12,130               | 8,208                |
| Total other expenses                   | <u>22,130</u>        | <u>11,208</u>        |
| Total operating expenses               | <u>275,705</u>       | <u>297,363</u>       |
| Income Over/(Under) Operating Expenses | <u>\$ 25,694</u>     | <u>\$ 28,484</u>     |

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ROTARY INTERNATIONAL DISTRICT 7890  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2013 (Compiled) and 2012 (Reviewed)

|   | <u>2013</u>       | <u>2012</u>      |
|---|-------------------|------------------|
| Cash Flows from Operating Activities      |                   |                  |
| Income over (under) expenses              | \$ 25,694         | \$ 28,484        |
| Changes in assets and liabilities:        |                   |                  |
| Accounts receivable                       | 15,456            | (36,260)         |
| Prepaid expenses                          | 4,344             | 58               |
| Accounts payable                          | 22,834            | (279)            |
| Net cash provided by operating activities | <u>68,328</u>     | <u>(7,997)</u>   |
| Cash Flows from Investing Activities      |                   |                  |
| Net changes in investments                | <u>(10,472)</u>   | <u>(1,198)</u>   |
| Net cash flows from Investing Activities  | <u>(10,472)</u>   | <u>(1,198)</u>   |
| Change in Cash                            | 57,856            | (9,195)          |
| Cash at Beginning of Year                 | <u>48,874</u>     | <u>58,069</u>    |
| Cash at End of Year                       | <u>\$ 106,730</u> | <u>\$ 48,874</u> |

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ROTARY INTERNATIONAL DISTRICT 7890  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013 (Compiled) and 2012 (Reviewed)

Note 1 - Summary of Significant Accounting Policies

Organization

Rotary International is an organization of business and professional leaders united worldwide, who provide humanitarian service, encourage high ethical standards in all vocations, and help build goodwill and peace in the world. Membership reflects a wide cross-section of community representation.

Rotary District 7890 is composed of 62 Rotary Clubs with approximately 2,308 members operating throughout the area of Northern Connecticut and Western Massachusetts. The Mission of the District and Member Rotarians is to plan and carry out a variety of humanitarian, educational and cultural exchange programs that touch people's lives in their local communities and the Rotary International World Community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to one class of net assets, unrestricted net assets. Grant awards are classified as refundable advances until expended for the purpose of the grants, since they are conditional promises to give. The Board designates funds based on their intended purposes.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers money market funds, certificates of deposit and any other short-term debt securities with a maturity of six months or less at the time of purchase to be cash equivalents.

Subsequent Events

Subsequent events have been evaluated through April 4, 2014, the date which the financial statements were available to be issued.

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ROTARY INTERNATIONAL DISTRICT 7890  
NOTES TO FINANCIAL STATEMENTS  
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Note 2 - Income Taxes

The Organization is a not-for-profit corporation that has been determined to be exempt from Federal income taxes, under section 501(c)(4) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying financial statements.

On July 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2013.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses respectively.

Note 3 - In-Kind Contributions

Generally accepted accounting principles requires recognition of donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition in the financial statements. The Organization does not have the use of contributed services, equipment and material. The contributed services are not recognized in the financial statements in accordance with generally accepted accounting principles.

Note 4 - Investments

Investments consist of the following at June 30, 2013 and 2012:

|                    | <u>2013</u>             |                  | <u>2012</u>             |                  |
|--------------------|-------------------------|------------------|-------------------------|------------------|
|                    | <u>Market<br/>Value</u> | <u>Cost</u>      | <u>Market<br/>Value</u> | <u>Cost</u>      |
| Mutal Funds        | \$ 63,466               | \$ 48,946        | \$ 52,903               | \$ 46,834        |
| Money Market Funds | 34,582                  | 34,582           | 34,673                  | 34,673           |
|                    | <u>\$ 98,048</u>        | <u>\$ 83,528</u> | <u>\$ 87,576</u>        | <u>\$ 81,507</u> |

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ROTARY INTERNATIONAL DISTRICT 7890  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013 (Reviewed) and 2012 (Compiled)

Note 5 - Fair Value Measurements

U.S. generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Company at year end.

*Money market funds:* Value at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that is not indicative of net realizable value or future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different value measurement at the reporting date.

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June 30, 2013 (Reviewed) and 2012 (Compiled)

Note 5 - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of June 30, 2013 and 2012:

| Investments at Fair Value as of June 30, 2013 |                  |             |             |                  |
|---|------------------|-------------|-------------|------------------|
|   | Level 1          | Level 2     | Level 3     | Total            |
| Mutal Funds                                   | \$ 63,466        | -           | -           | \$ 63,466        |
| Money Market Funds                            | 34,582           | -           | -           | 34,582           |
| Total investment at fair value                | <u>\$ 98,048</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 98,048</u> |

  

| Investments at Fair Value as of June 30, 2012 |                  |             |             |                  |
|---|------------------|-------------|-------------|------------------|
|   | Level 1          | Level 2     | Level 3     | Total            |
| Mutal Funds                                   | 52,903           | -           | -           | 52,903           |
| Money Market Funds                            | 34,673           | -           | -           | 34,673           |
| Total investment at fair value                | <u>\$ 87,576</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 87,576</u> |

Note 6 – Net Assets

Net assets as of June 30, 2013 and June 30, 2012 consist of the following:

|                       | Temporarily Restricted Funds: |                 |                  | Unrestricted     | Total             |
|-----------------------|-------------------------------|-----------------|------------------|------------------|-------------------|
|                       | RYLA                          | Grants          | Investments      | Funds            |                   |
| Income                | \$ 21,462                     | \$ 18,416       | \$ 10,472        | \$ 251,049       | \$ 301,399        |
| Expenses              | 22,141                        | 20,431          | -                | 233,133          | 275,705           |
| Net change in assets  | (679)                         | (2,015)         | 10,472           | 17,916           | 25,694            |
| Net assets, beginning | 22,083                        | 5,532           | 87,576           | 65,335           | 180,526           |
| Net assets, ending    | <u>\$ 21,404</u>              | <u>\$ 3,517</u> | <u>\$ 98,048</u> | <u>\$ 83,251</u> | <u>\$ 206,220</u> |

  

|                       | Temporarily Restricted Funds: |                 |                  | Unrestricted     | Total             |
|-----------------------|-------------------------------|-----------------|------------------|------------------|-------------------|
|                       | RYLA                          | Grants          | Investments      | Funds            |                   |
| Income                | \$ 22,962                     | \$ 19,158       | \$ 1,198         | \$ 282,529       | \$ 325,847        |
| Expenses              | 23,654                        | 24,825          | -                | 248,884          | 297,363           |
| Net change in assets  | (692)                         | (5,667)         | 1,198            | 33,645           | 28,484            |
| Net assets, beginning | 22,775                        | 11,199          | 86,378           | 31,690           | 152,042           |
| Net assets, ending    | <u>\$ 22,083</u>              | <u>\$ 5,532</u> | <u>\$ 87,576</u> | <u>\$ 65,335</u> | <u>\$ 180,526</u> |

See accountants' report