

April 26, 2026

To the Executive Committee
Rotary District 5450

As required by the By-Laws of Rotary International District 5450, Inc. (the “District”), we have completed a “financial assessment of the books” of Rotary District 5450 for the fiscal year ending June 30, 2025. This assessment was designed to conduct an assessment of the financial statements of the District as well as conduct an evaluation of the financial controls and a partial assessment with compliance with District By-Laws, the District Finance Policy and regulatory reporting requirements. Our assessment consisted of reviewing limited samples of all available documentation for the time period specified.

Our assessment did not include, nor was it intended to include, all the procedures necessary to express an opinion on the financial statements attached to this letter. A formal audit by an independent CPA would be required in order to express that opinion. It should also not be considered a review in an accounting sense as we did not include all the procedures or disclosures required to qualify as a review. However, we found no significant errors in accounting that would have caused us to determine that the attached financial statements contain material errors. Even though we have attached financial statements for the past two fiscal years, our assessment covered only the fiscal year ending June 30, 2025. The statements for the previous year (2024) are provided only for a historical perspective.

The District Financial Review Committee consisted of Co-Chairs Curt Harris (RC Evergreen) and John Dale (RC Highlands Ranch), Dick Hayes (RC Denver Cherry Creek), Bob Zavodsky (RC Mountain Foothills), Dave Johnson (RC Highlands Ranch), Ron Maiorano (RC Evergreen) and Teri Feider (RC Castle Pines).

Our assessment followed the procedures set forth in the “Rotary District 5450 Financial Review Committee Assessment Program” adopted by the Financial Review Committee in June 2023. As all District financial records are retained digitally, the review was conducted virtually by each of the committee members; no on-site review was conducted.

Except as otherwise noted within this report, we did not assess compliance with other provisions of the District By-Laws or the District Finance Policy. We recommend District leadership periodically review those requirements to ensure compliance.

Background and General Comments

In 2023, the District Executive Committee passed a resolution to establish the “Rotary District 5450 Financial Review Committee” and authorized that committee to develop a program to conduct the required annual assessment. PDG Curt Harris was asked to Chair the new committee and recruit up to four additional Rotarians to help conduct the review. We have since expanded the Committee to a total of up to six members and have added John Dale as Co-Chair.

The following is a summary of the procedures conducted on the various areas reviewed and sets forth any exceptions found or comments made.

Assets, Liabilities and Capital Accounts

We reconciled all asset and liability accounts to the year-end Balance Sheets with no significant issues except the following:

- The Grants Account had two checks totaling \$4,500 which had not been properly cleared. The items have since been properly cleared.
- Although all fixed assets had been completely depreciated, there was still a net balance in fixed assets of \$2,259.33. Treasurer Jean stated the remaining balance would be written off.

We reviewed and compared the current year-end balances with those of the previous year-end for all asset and liability accounts. Any significant deviations were investigated with no exceptions noted.

We found the assets, liability and capital accounts were properly reflected on each Balance Sheet with the only exceptions noted above.

Income Accounts

We reviewed and compared each income account for the current year with the previous year. Any significant deviations were investigated with no exceptions noted.

We determined all income, including dues income, appeared to be accurately reflected on the Profit and Loss Statement.

Expense Accounts

We reviewed and compared each expense account for the current year with the previous year. We found some significant variances with Website and Tech Support and PETS expenses. These were investigated with no exceptions noted.

Payroll records were reviewed and traced to the General Ledger. No exceptions were noted.

We reviewed a sample of payments and supporting documentation with no material exceptions noted.

We determined all expenses appeared to be properly reflected on the Profit and Loss Statement.

We make the following recommendations:

- Section 2.4.f of the District Financial Policy (Reimbursement Process) states: “Reporting: Quarterly, the Treasurer will provide to the (Finance Committee) a report of approved reimbursement requests.” We did not see evidence of this quarterly reporting being completed. However, we believe there are adequate controls in place making this process unnecessary and recommend amending the District Financial Policy to remove this requirement.
- Section 1.6 of the District Financial Policy (District Fund Expenditures) requires the Treasurer alert the FC when expenditures approach 90% of the budgeted amount to prevent overages. We found no evidence that this was occurring and recommend this report be documented in the FC minutes.
- Although the overall total expenditures were within 1% of budget, we recommend adding a % Over/(Under) Budget column to the presentation of the income statement so that >10% variances can be easily identified and investigated on a monthly or annual basis with documentation of conclusions and resolution maintained in the FC minutes. The addition of the column above would be helpful in the budgeting process.

Grants Account

The District Grants accounting was administered by District Grants Subcommittee Co-Chairs Marty Waters and Bonnie Thomas and District Grants Treasurer Dick Castleman.

We reconciled the balance in the District Grants account to the balance sheet with no unusual reconciling items.

We reviewed the procedures for approval and funding of grants, in accordance with established District policies, with no exceptions noted.

We reviewed a sample of funded grant applications for proper documentation and approvals and traced the funding to the District Grants account and the general ledger with no exceptions noted.

RI District Governor Allocation

Rotary International provides each District Governor an RI District Governor Allocation to reimburse the DG for expenses while serving as DG as well as reimbursing some of the expenses incurred during their DGE year. DG Tamie Fennell received an allocation of \$10,250. All funds were properly disbursed, so no funds were returned to Rotary International.

We reviewed a sample of all reimbursements with no exceptions noted.

Events

We reviewed the final Profit and Loss statements for the 2024 District Conference held in September 2024 and the Profit and Loss Statement for the District 5450 Foundation Dinner conducted in February 2025 with no exceptions noted.

In accordance with Section 6.5.d of the District By-Laws (“All such meetings and events are intended to and shall be planned to have a neutral financial effect on the District.”), these events were conducted with no negative effect on the District finances.

General Procedures

We confirmed that all regulatory reports appear to have been filed in a timely manner. We also confirmed that all reports required by Rotary International appear to have been filed in a timely manner. As part of our assessment, we did not specifically confirm the accuracy of any information contained in these reports other than what our other procedures would have otherwise confirmed.

We did a general review of accounting procedures, and it appears that while there is a concentration of duties as is typical for a small organization, an adequate system of controls has been developed and is being utilized.

General Recommendation

While our assessment found minimal exceptions, we continue to recommend that members of the DG String, District Staff and Officers periodically re-read the District By-Laws and District Financial Policy to become familiar with the requirements set forth in those documents.

Final Comments

The members of the Committee wish to thank District Treasurer Jean Chernosky, District Operations Manager Beverly Mendel, District Grants Committee Co-Chairs Marty Waters and Bonnie Thomas, and District Grants Treasurer Dick Castleman for their assistance in helping us perform this review, as well as all of their efforts in keeping the books and records of Rotary District 5450.

We would also like to personally thank the members of the Financial Review Committee for their time and efforts in helping to conduct this financial assessment.

Respectfully submitted,

Curt Harris

Curt Harris, Co-Chair
Rotary District 5450
Financial Review Committee

John Dale

John Dale, Co-Chair
Rotary District 5450
Financial Review Committee

Attachments:

Comparative Balance Sheets as of June 30, 2024 and June 30, 2025

Profit and Loss Statements for July 2023-June 2024 and July 2024-June 2025