**2017-18 District Finance Committee Final Report**

Another excellent Finance Committee did a great deal of good work this year: PDGs Sheila Rollins and Marge Barker, DG Dave Underhill, DGE John LoBosco, District Treasurer Richard Donhauser, and three area representatives: Mike Asselin Division A (Portsmouth), Warren Spencer, Division B (South Berwick-Eliot), and Ron Bennett, Division C (Portland). Also DGN Andy Glazier (Kittery) as a non-voting member and most importantly our committee secretary. We were also joined by DGND Peggy Belanger as an observer.

The Committee works hard to be open and transparent to all Rotarians in District 7780. We met 4 times this year and our minutes are posted on the District Website. Governor Dave asked Committee Chairs to prepare periodic reports and these also are posted on the District Website. There are reports for August, October, December, and February; this is the end-of-year report. These reports outline all of the committee’s activities, not just meeting minutes.

Each year a calculation is done to assure that the Reserve Fund is at the level required by our Bylaws - 20% of the "approved operating budget." In the past few years because the reserve was in excess of 20%, this calculation has resulted in a modest adjustment to clubs dues. Because Governors Marge and David have been trying to present a more accurate budget regarding the B and C portions of the budget, which are intended to be a "wash" or self-funded, the total budget has increased, making the reserve requirement larger. After some discussion , the committee voted not to increase invoices to the clubs this year to cover this shortfall but to take the necessary funds from the general budget line for unallocated funds. The committee also decided to seek a Bylaws amendment to make the calculation based on a "three year rolling average" of 20% to mitigate the impact of significant changes in the total budget from year to year. The Bylaws Committee accepted this proposal and it will come before the district membership at the Annual Business meeting at the District Conference in May.

Based on a Bylaw change adopted in 2015, we went from a requirement for an annual audit to an annual financial review. This still involves having a professional accounting firm look at our books. The firm we had used, Kelly, Dawson, Smith, Purvis, & Bassett came in with a significant price increase for the review. The committee decided to solicit bids and ended up accepting the bid from the accounting firm of Raiche & Company CGAs. They completed the Financial Review and the IRS 990. The Financial Review and information on the District’s Foundation revenue and expenditures and the District Governor’s allocation were put together in an Annual Statement and Review of District Finances. Thirty days notice and a link to this report was shared with all District Rotarians pursuant to RI Bylaw requirements and at the District Training Assembly on April 7th, the report was unanimously approved.

At our December meeting, we took up the proposed 2018-19 District budget as developed by DGE John LoBosco and gave it preliminary approval. He returned at our February meeting with a few small changes which were approved and it was adopted unanimously by the presidents-elect at the District Training Assembly.

The committee continued its practice of having one of the three Division representatives on a rotating basis look at the Quickbooks accounts and the check register as a additional set of eyes for the District Treasurer and bookkeeper. They provide a report at each meeting of the previous months’ activities and this process helps everyone feel more secure that all is well with our District Finances.

Finally, DG Dave Underhill had asked each committee to come up with a set of goals. The following goals were adopted by the Committee.

a. Work to see if it is possible to simplify and streamline the process used by the treasurer and bookkeeper to deal with income and check disbursal.

b. Complete the required District Financial Review earlier in the year, (possibly at the Mid-Year Dinner)

c. Initiate discussion about a modest increase in District dues.

d. Monitor the changes we have made in financing Youth Exchange and find ways to convey the necessary information regarding the cost of sponsoring a YE student to clubs.

e. Establish a procedure for handling IRS 1099 when necessary and adding it to our Finance Committee procedures.

The first, third, and last goals were accomplished. The second turned out to be impossible because of difficulties in completing the District Foundation Finance Review. As to the fourth goal, the DG track leadership team gave Rotarian Dick Hall, from the Portland RC, the task of examining the Youth Exchange program and coming up with recommendations for the future.

Submitted by Finance Committee Chair, Lawrence Furbish