

ROTARY INTERNATIONAL DISTRICT 7780

FINANCIAL STATEMENTS AND OTHER SUPPLEMENTAL INFORMATION

JUNE 30, 2017 AND 2016



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ROTARY INTERNATIONAL DISTRICT 7780

JUNE 30, 2017 AND 2016

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Rotary International District 7780

We have reviewed the accompanying financial statements of Rotary International District 7780 (a nonprofit organization), which comprise the statements of financial position as June 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements **DRAFT**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The Supplementary information included in the accompanying Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Report on 2016 Financial Statements

The financial statements of Rotary International District 7780 as of June 30, 2016, were reviewed by other accountants whose report dated November 28, 2016, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Raiche & Company CPA'S, PA

RAICHE & COMPANY CPA'S, P.A.
Dover, New Hampshire
February 26, 2018



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ROTARY INTERNATIONAL DISTRICT 7780
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 129,799	\$ 115,671
Accounts Receivable	1,189	1,675
Prepaid Expenses	4,800	11,827
TOTAL CURRENT ASSETS	135,788	129,173
TOTAL ASSETS	\$ 135,788	\$ 129,173



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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	50,885	38,643
Deferred Revenue	0	12,430
TOTAL CURRENT LIABILITIES	50,885	51,073
NET ASSETS		
Unrestricted		
Designated for Reserve Funds	43,844	35,157
Designated for Foundation Funds	3,116	2,512
Undesignated	33,138	35,626
TOTAL UNRESTRICTED NET ASSETS	80,098	73,295
Temporarily Restricted	4,805	4,805
TOTAL NET ASSETS	84,903	78,100
TOTAL LIABILITIES AND NET ASSETS	\$ 135,788	\$ 129,173

See accompanying notes and independent accountants' review report

ROTARY INTERNATIONAL DISTRICT 7780
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES						
Dues	\$ 58,752		\$ 58,752	\$ 58,608		\$ 58,608
Youth Exchange	2,600		2,600	2,640		2,640
Rotary Youth Leadership Awards	67,183		67,183	48,674		48,674
District Conference	40,555		40,555	26,573		26,573
District Assembly	3,725		3,725	6,200		6,200
District Leadership Changeover	650		650	0		0
Professional Education and Training	11,000		11,000	10,725		10,725
Interact Programs	21,405		21,405	23,985		23,985
Contributions	0	0	0	0	1,000	1,000
Interest Income	31		31	32		32
Other Projects	18,291		18,291	30,203		30,203
TOTAL REVENUE	224,192	0	224,192	207,640	1,000	208,640
EXPENSES						
Youth Exchange	3,075		3,075	1,693		1,693
Rotary Youth Leadership Awards	64,573		64,573	48,770		48,770
District Conference	39,667		39,667	28,207		28,207
District Assembly	4,613		4,613	6,200		6,200
Public Relations	1,825		1,825	5,054		5,054
District Seminars	9,682		9,682	1,125		1,125
Professional Education and Training	16,498		16,498	16,233		16,233
District Governor	4,435		4,435	7,940		7,940
District Governor Elect	9,919		9,919	5,919		5,919
Assistant District Governors	4,967		4,967	7,106		7,106
District Treasurer and Secretary	867		867	1,803		1,803
District Governor Nominee	2,907		2,907	4,050		4,050
District Governor Nominee Designate	737		737	736		736
District Committees	3,361		3,361	2,869		2,869
District Directory	1,689		1,689	2,305		2,305
Accounting Fees	3,750		3,750	6,250		6,250
Computer and Internet Expenses	4,200		4,200	1,980		1,980
Miscellaneous	2,162		2,162	902		902
Interact Programs	21,346		21,346	23,449		23,449
Bank fees and Credit Card Fees	3,015		3,015	1,582		1,582
Special Events	0		0	23,531		23,531
District Leadership	3,925		3,925	4,012		4,012
TOTAL EXPENSES	207,213	0	207,213	201,716	0	201,716
CHANGE IN NET ASSETS	16,979	0	16,979	5,924	1,000	6,924
Excess reserves refunded to members	(10,176)		(10,176)	(3,206)	0	(3,206)
NET ASSETS, BEGINNING	73,295	4,805	78,100	70,577	3,805	74,382
NET ASSETS, ENDING	\$ 80,098	\$ 4,805	\$ 84,903	\$ 73,295	\$ 4,805	\$ 78,100



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See accompanying notes and independent accountants' review report

ROTARY INTERNATIONAL DISTRICT 7780
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 16,979	\$ 6,924
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Excess Reserves Refunded to Members	(10,176)	(3,206)
(Increase) Decrease in:		
Accounts Receivable	486	4,494
Prepaid Expenses	7,027	(5,843)
Increase (Decrease) in:		
Deferred Revenue	(12,430)	7,470
Accounts Payable	12,242	(9,901)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>14,128</u>	<u>(62)</u>
CASH AT BEGINNING OF YEAR	<u>115,671</u>	<u>115,733</u>
CASH AT END OF YEAR	<u>\$ 129,799</u>	<u>\$ 115,671</u>



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ROTARY INTERNAIONAL DISTRICT 7780
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Rotary International District 7780 (the District) consists of 39 individual Rotary Clubs within the geographic area of Coastal New Hampshire and Southwestern Maine. The principal purpose of the District is to act as a liaison between Rotary International and these individual clubs. The District's primary source of revenues is dues paid by the individual Rotary clubs on a per-capita basis. The District also maintains a District Rotary Foundation Fund which administers certain programs of the Rotary Foundation of Rotary International (e.g. Group Study Exchange, Ambassadorial Scholarships, etc.) at the district level, and promotes fundraising activities for the Rotary Foundation.

BASIS OF ACCOUNTING



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The financial statements of the District have been prepared on the accrual basis of accounting, which means that income is recognized as it is earned and expenditures are recognized as they are incurred whether or not cash is received or paid out at that time.

FINANCIAL STATEMENT PRESENTATION

The financial statements are presented in accordance with FASB ASC 958, "Financial Statements of Not-For-Profit Organizations," which requires the District to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

CONCENTRATIONS OF CREDIT RISK

The District maintains cash balances at a financial institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amounts on deposit did not exceed the federally insured limit in 2017 and 2016.

ROTARY INTERNATIONAL DISTRICT 7780
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

USE OF 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAX STATUS



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The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

RELATED PARTY TRANSACTIONS

The officers of the District are reimbursed for expenses incurred for services performed on behalf of the District.

CONTRIBUTED SERVICES

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2017 and 2016, there were no individuals providing such services and accordingly, no amounts have been reflected in the financial statements.

FAIR VALUE DISCLOSURES

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date.

The District's financial instruments are cash and cash equivalents, accounts receivable, and accounts payable. The carrying amounts for these financial instruments reported in the financial statements approximate their values, either because the expected collection or payment period is relatively short or because the terms are similar to market terms.

ROTARY INTERNATIONAL DISTRICT 7780
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 – ACCOUNTS RECEIVABLE

Receivables are stated net of specific reserves for amounts management determines may be uncollectible. Generally accepted accounting principles require the use of the allowance method to account for potential bad debts. As of June 30, 2017 and 2016, management considers all accounts receivable to be collectable; hence, no allowance has been established. There were no bad debts for the years ending June 30, 2017 and 2016.

NOTE 3- SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 26, 2018, the date the financial statements were available to be issued.

NOTE 4- DUES ASSESSMENTS



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Pursuant to the District bylaws, dues refunds are issued to Rotary Clubs if the fiscal year's increase in net assets exceeds 20% of the following fiscal year's budget. The refund is equal to the amount that exceeds the 20% threshold. Depending on the size of the refund, the District applies a credit towards the following year's dues assessment or issues a cash refund. For the year ended June 30, 2017 and 2016, the District issued refunds of \$10,176 and \$3,206, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions by the District or the passage of time. Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Rotoplast Funds- used to fund	\$ <u>4,805</u>	\$ <u>4,805</u>
Rotoplast or other future reconstructive surgery projects		
Total Temporarily Restricted Net Assets	\$ <u>4,805</u>	\$ <u>4,805</u>

ROTARY INTERNATIONAL DISTRICT 7780
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6- SELF-IMPOSED RESTRICTIONS

Unrestricted net assets include certain board designated funds on which the Board of Directors has imposed certain internal restrictions as to how the funds are to be used. At June 30, 2017 and 2016, board designated reserves are comprised of the following:



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	<u>2017</u>	<u>2016</u>
Reserve Fund- used for expense Overages on District events or to Cover member dues deficiencies	\$ 43,844	\$ 35,157
The Foundation Fund- to help promote Rotary Foundation including the annual Foundation seminar and other events	<u>3,116</u>	<u>2,512</u>
Total Self-Imposed Restricted Net Assets	\$ <u>46,960</u>	\$ <u>37,669</u>

NOTE 7- FUNCTIONAL EXPENSES

Directly identifiable expenses are charge to program services, whereas expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Supporting expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the District. Of the total expenses for the year ended June 30, 2017, \$200,448 or 97% were for program related activities and \$6,765 or 3% were for supporting services. For the year ended June 30, 2016, \$145,647 or 72% were for program related activities and \$56,069 or 28% were for supporting services.

SUPPLEMENTAL INFORMATION



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**ROTARY INTERNATIONAL DISTRICT 7780
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Actual Amounts</u>	<u>Budeted Amounts</u>	<u>Over (Under) Budget</u>
REVENUES			
Dues	\$ 58,752	\$ 58,212	\$ 540
Youth Exchange	2,600	10,900	(8,300)
Rotary Youth Leadership Awards	67,183	39,000	28,183
District Conference	40,555	53,750	(13,195)
District Assembly	3,725	6,000	(2,275)
District Leadership Changeover	650	3,000	(2,350)
Professional Education and Training	11,000	11,000	0
Interact Programs	21,405	1,500	19,905
Interest Income	31	100	(69)
Other Projects	18,291	35,758	(17,467)
TOTAL REVENUE	<u>224,192</u>	<u>219,220</u>	<u>4,972</u>

EXPENSES



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Youth Exchange	3,075	10,900	(7,825)
Rotary Youth Leadership Awards	64,573	40,000	24,573
District Conference	39,667	65,616	(25,949)
District Assembly	4,613	6,000	(1,387)
Public Relations	1,825	6,375	(4,550)
District Seminars	9,682	3,125	6,557
Professional Education and Training	16,498	17,600	(1,102)
District Govenor	4,435	8,370	(3,935)
District Govenor Elect	9,919	10,358	(439)
Assistant District Govenors	4,967	7,106	(2,139)
District Treasurer and Secretary	867	1,600	(733)
District Govenor Nominee	2,907	3,892	(985)
District Govenor Nominee Designate	737	750	(13)
District Committees	3,361	6,559	(3,198)
District Directory	1,689	3,000	(1,311)
Accounting Fees	3,750	3,750	0
Computer and Internet Expenses	4,200	1,760	2,440
Miscellaneous	2,162	25,716	(23,554)
Interact Programs	21,346	1,500	19,846
Bank fees and Credit Card Fees	3,015	1,500	1,515
District Leadership	3,925	4,200	(275)
TOTAL EXPENSES	<u>207,213</u>	<u>229,677</u>	<u>(22,464)</u>

CHANGE IN NET ASSETS

<u>\$ 16,979</u>	<u>\$ (10,457)</u>	<u>\$ 27,436</u>
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See accompanying notes and independent accountants' review report