



**2019 Rotary Zones 25B and 29 Institute**  
**September 24-29, 2019**  
**Sheraton Overland Park at the Convention Center**  
**6100 College Boulevard**  
**Overland Park, KS**

**District Governors Best Practice Exchange**  
**September 26-27, 2019**

Rotary Zones 25B & 29  
District Governors Best  
Practice Exchange



## DISTRICT GOVERNOR BEST PRACTICE EXCHANGE

**Facilitators: PDG Andrea Krauss, Zone 29, District 5680**  
**PDG David Warren, Zone 29, District 6250**

Wednesday, September 25, 2019		
8:00 AM – 8:00 PM	Registration	Lobby Pillar
5:30 PM – 6:30 PM	All Rotarian Reception (cash bar)	Cottonwood Pre-function Area
6:30 PM – 8:30 PM	DG With Spouse/Partner Reunion Dinner	Maple

Thursday, September 26, 2019		
8:00 AM – 8:30 AM	Opening Session: The Future is Ours Speaker: RI Director Larry Dimmitt	Cottonwood 2 & 3
8:30 AM – 9:00 AM	Transition to Training Room	
9:00 AM – 9:30 AM	Welcome and Get to Know You	Presidential Suite 18 <sup>th</sup> Floor
9:30 AM – 10:15 AM	Round Table: Club Visits and Challenges	Presidential Suite 18 <sup>th</sup> Floor
10:15 AM - 10:30 AM	Break in Meeting Room	Presidential Suite 18 <sup>th</sup> Floor
10:30 AM – 11:45 AM	Roundtable: Membership and Public Image	Presidential Suite 18 <sup>th</sup> Floor
11:45 AM – 12:15 PM	Transition to Lunch	
12:15 PM – 1:15 PM	Luncheon Speaker: PRIVP Greg Podd	Cottonwood 2 & 3

Thursday, September 26, 2019

1:30 PM – 2:45 PM	Roundtable: District Conference	Presidential Suite 18 <sup>th</sup> Floor
2:45 PM – 3:15 PM	RIPE Holger Knaack and TRF Trustee Jennifer Jones	Presidential Suite 18 <sup>th</sup> Floor
3:15 PM – 3:30 PM	Break in Meeting Room	Presidential Suite 18 <sup>th</sup> Floor
3:30 PM – 4:15 PM	Roundtable: Foundation	Presidential Suite 18 <sup>th</sup> Floor
4:15 PM – 5:00 PM	Roundtable: What's Next Wrap Up and Evaluations	Presidential Suite 18 <sup>th</sup> Floor
5:30 PM – 6:30 PM	Major Donor Reception	Leatherwood 3
5:30 PM – 6:30 PM	Paul Harris Society Reception (cash bar)	Leatherwood 2
5:30 PM – 6:30 PM	All Rotarian Reception (cash bar)	Cottonwood Pre-function Area
6:30 PM – 9:30 PM	Governor Class Reunion Dinner All Institute Participant Dinner	Cottonwood Ballroom

Friday, September 27, 2019

8:00 AM – 8:20 AM	PDG Ronney Reynolds District Finance	Presidential Suite 18 <sup>th</sup> Floor
8:20 AM – 9:00 AM	RID Larry Dimmitt, RID Stephanie Urchick & RIDE Suzi Howe	Presidential Suite 18 <sup>th</sup> Floor
9:00 AM – 9:30 AM	John Hannes, RI Club & District Support	Presidential Suite 18 <sup>th</sup> Floor
9:30 AM – 10:00 AM	Wrap Up/Final Thoughts/Evaluations	Presidential Suite 18 <sup>th</sup> Floor
10:00 AM – 10:30 AM	Break and Transition to District Caucuses	
10:30 AM – 11:30 AM	District Specific Caucus	See District Room Assignments on Handout



## ROTARY PAIRED ZONES 25 AND 29

**Rotary**  
Zone 29 

● 5580, 5610, 5630, 5650, 5670, 5690, 5710,  
5950, 5960, 5970, 6000, 6220, 6250, 6270,  
6420, 6440, 6450

**Rotary**  
Zone 25 

**B** 5790, 5810, 5840,  
5870, 5890, 5910,  
5930

**A** 4060, 4100, 4110, 4130,  
4140, 4170, 4185, 4195,  
4240, 4250, 4271, 4281,  
4370, 4380





**PDG Andrea Krug Krauss**  
**District 5680**

Andrea graduated from Kansas State University with Bachelor of Science degrees in Accounting and Agricultural Economics. After graduation, she worked in the tax division of Arthur Andersen & Co. in Kansas City, during which time she became a Certified Public Accountant.

Andrea then moved back to Manhattan, KS and began working for DPRA Incorporated, a government contractor with offices throughout the U.S. and Canada and headquartered in Manhattan, while also working tax seasons for Varney & Associates, CPAs. During this time, she earned a Master of Business Administration from KSU and taught Business Strategy as an adjunct professor at KSU. Andrea was active in and served on the boards of the Junior League of the Flint Hills and the Friends of Konza Prairie.

In 2002, Andrea returned to her hometown of Russell, KS to take her current position of Secretary/Treasurer at John O. Farmer, Inc., an oil and gas producer with operations throughout central and western Kansas. She is on the board of the Kansas Independent Oil & Gas Association (KIOGA), serving as their Federal and State Tax Committee chairman, and was the 2015 recipient of the KIOGA President's Leadership Award.

Andrea is currently serving a four-year term on the USD 407 School Board, is Chairman of the board of trustees of the Sunflower Foundation and serves as District Governor of Rotary District 5670. Additionally, she is on the boards of Russell Development, Inc., Russell PRIDE, Inc. and the Beta Upsilon of Gamma Phi Beta House Corporation at Kansas State University, and serves on the Russell Co. 4-H Program Development Committee.

Previously, Andrea served on the Russell County Hospital Board for 8 ½ years, serving as Chairman for the last three of those years. She was heavily involved with the formation of and served as Treasurer of Waudby & Co. Clothiers, a community-owned women's clothing boutique. Andrea has also served as Chairman of the Russell Area Chamber of Commerce, President of the Rotary Club of Russell, Assistant Governor of Rotary District 5670, Chairman of the 2018 Rotary Heartland PETS, and Co-Chairman of the District 5680 Merger Committee.

In 2017, she was the recipient of the Russell Area Chamber of Commerce Community Service Award and is a member of the 2019 class of Leadership Kansas.

In her spare time, Andrea likes to play Bridge, read, and go jogging in the country. She lives on her family's farm southwest of Russell, along with her husband, Tom, who farms and ranches with her father. Her family raises registered Hereford and Angus cattle and produces wheat and grain sorghum. Andrea and Tom have one daughter, Katherine, who is a sophomore at Kansas State University.



**PDG David Warren**  
**District 6250**

David has been a member of the Janesville Rotary Club since 2001. He served as its President in 2007-2008, Rotary Foundation Chair, a member of the Board of Directors and Chair of both the membership committee and the club's annual Corn Roast and Mud Volleyball Tournament fundraiser.

He was instrumental in founding Kids Against Hunger – Rock County Rotary, Inc., a 501 (c)(3) non-profit joint effort between four neighboring Rotary Clubs which brings volunteers together to package highly nutritious, easy to prepare rice casseroles. Since

being founded in 2008, over 6 million meals have been produced by the group and provided to hungry people both locally and internationally.

He is a charter member of his District's Paul Harris Society, a Rotary Foundation Major Donor and a member of the Bequest Society. He is also a recipient of the Rotary Foundation's Meritorious Service Award. In 2014–2015 he was the District 6250 Governor. He's also served as its Rotary Foundation Committee Chair, Annual Programs Chair, the Paul Harris Society Chair and as a member of the Social Media Committee.

David is the President of Dave's Ace Hardware in Milton, Wisconsin which he's owned since 1991. He has served on the Board and as President of the Midwest Hardware Association and also as the Chair of the North American Retail Hardware Association's Legislative Leadership Committee.

In his community, he's served on boards of many non-profit organizations, as a volunteer Emergency Medical Technician, a youth mentor and as the City of Milton's Municipal Judge. In 1995 he was honored as a Milton "Citizen of the Year".

David is married to Lori who's employed as a high school Spanish teacher and is also the Interact advisor for her school. Lori is a member of the Madison After Hours Rotary Club, a Rotary Foundation Major donor and a member of the Bequest Society. David and Lori have a 21-year-old daughter, Savannah, who graduated last December from the University of Minnesota's Carlson School of Management with a degree in Supply Chain and Operations Management.

In his spare time, David enjoys dining, cooking, traveling and participating in competitive go kart racing.

Rotary's impact in communities around the world is strengthened by its public image – the consistent voice and visual identity that underscores the character of Rotary's brand.

To best fit your district's unique set of challenges and opportunities, use the guide below to inform a customized district communications strategy.

### Three Pillars of Communications

Communication strategies are supported by three fundamental pillars: public relations, marketing, and social media.

#### Public Relations

- The way we engage with external stakeholders – using our message, voice, and visual identity – defines how Rotary is perceived by our partners and the public.
- Positive public relations help our organization grow and drive change in the world.
- Engagement over a wide range of media using clear messaging and compelling visuals helps Rotarians receive recognition for the work they continue to accomplish.

#### Marketing

- Rather than engaging when an opportunity presents itself, marketing is proactive and dynamic outreach.
- Competition thrives even among service organizations, and Rotarians must be prepared to actively share Rotary's story and value with non-Rotarian audiences.
- To foster a strong perception of Rotary, Rotarians must lead as brand ambassadors by offering a consistent visual identity in print and digital media.

#### Social Media

- More audiences are using social media platforms to find out about events, stories, causes, and community activity in their area and globally.
- Social media users are a younger group that Rotary is continuously looking to engage.
- By being active on Facebook, Twitter, Instagram, or other social media platforms, organizations can become better connected to the communities they serve.

### Resources

The resources below can be found in the [Brand Center](#) on MyRotary:

- [Voice and Visual Identity Guide](#)
- [Messaging Guide](#)
- [Quick Start Guide for Club Websites](#)
- [Event Planning Guide](#)
- [Event Banners \(Promotional Resources\)](#)
- [Club Brochure Template](#)
- [District Public Image Seminar Guide](#)

## Communications Action Planning

Use the template below to structure your goals and make a plan for reaching them.

### Goal: Secure media mentions of activity in your district.

Tactic:  
Get to know reporters  
in your area.

Action steps:

1. Identify key local and regional publications.
2. Approach journalists strategically. Make sure to only present reporters with stories that fit their publication and topic they cover.
3. Engage media in club events: for example, invite a journalist to participate in an event or serve as master of ceremonies.

Person responsible:

District public image chairs (DPICs) or District governors.

Timeline:

Cultivating and maintaining relationships is a long-term process. Before the start of your term, be sure to consult your predecessor for any information on past relationships, media placements, or opportunities for growth.

### Goal:

Tactic:

Action steps:

Person responsible:

Timeline:

### Goal:

Tactic:

Action steps:

Person responsible:

Timeline:

### Goal:

Tactic:

Action steps:

Person responsible:

Timeline:



# TELLING YOUR PEOPLE OF ACTION STORY

During your year as governor, clubs throughout your district will have opportunities to promote Rotary to members of your community. You want to encourage them to tell a story that shows how they identified a challenge, worked together to address it, and made an impact locally. Once you understand how to tell a People of Action story, you can help clubs in your district do the same.

Choose a service project from the last year that you believe shows a Rotary club from your district making a real impact locally.

**PEOPLE of ACTION**

PROJECT:

Imagine you've been contacted by a local news organization to explain Rotary's impact in the community. Consider the following questions to help you develop your People of Action story. Take notes in the spaces provided. Then share your story with a partner.

1. What problem or challenge in your community was this project designed to solve?

2. How did the club take action to solve the problem?

3. What was the impact of this project? In other words, how did the club improve the lives of people in your community? Try to provide at least two key outcomes and statistics to support your answer.

4. Who do you want to hear this story?

5. What do you want the people who hear this story to do? (Learn more? Donate to your cause? Join you at an upcoming event? Visit your website or your social media channels?)

## **AFTER GETS**

In the coming year, consider the many opportunities your clubs will have to promote Rotarians as people of action. Here are a few ways you can make the People of Action campaign more successful:

- Contact the club you were thinking about during the activity and ask officers if they have used this story for a People of Action ad — if not, ask them if they would consider creating one.
- Tell stories about Rotarians in your district as people of action during your club visits.
- Work with your public image committee to inspire your clubs to use the campaign. Challenge each of them to develop a People of Action ad during your year as governor.
- Share your successes with Rotary at [pr@rotary.org](mailto:pr@rotary.org).



**The Financial  
Responsibilities  
of being  
District Governor**

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

As a Rotary International District Governor, you have many fiscal responsibilities such as managing the district's finances, monitoring the funds of clubs, practicing good stewardship, and ensuring that the district complies with all local laws, including tax and nonprofit (as applicable).

To create training material concerning the financial responsibilities of being a District Governor as you can imagine was quite a challenge. Not all Rotarians serving as District Governors have had professional training in financial management.

Training material in the following areas were developed by recognizing the challenges you might encounter during your term:

- District and Club Finances
- Rotary Funding for Governors
- Documenting Expenses
- Authorized Expenses
- District Governor Expenses
- Top Eight District Governor Expense Reporting Errors
- Additional Reimbursements-International Assembly
- Risk Management
- Insurance provided by Rotary International
- U.S. Rotary Club and District Liability Insurance Program
- Compliance issues
- Incorporation

Please note, we will not cover all the materials in depth. They should serve as a resource. The session will focus on specific key areas, while responding to your concerns and interests. Any new procedures from Rotary International will be included in the discussion.

I sincerely hope you enjoy your training session and wish you the very best in your service to Rotary International as a District Governor.

Ronald (Ronney) Reynolds, CPA  
PDG 2008-2009 District 5870  
Rotary Zone 21B-27  
Treasurer 2011-2019  
E/MGA 2016-2019  
Rotary Zones 25B & 29 Institute Chair  
[ronney@reynoldsfranke.com](mailto:ronney@reynoldsfranke.com)  
512-206-3141

July 1, 2019

Method of presentation:

Before we get started, I want you to think of the questions you want answered. If you are looking at this page before the presentation, write them down in the space below. At the beginning of this presentation I will ask for your questions. We will have volunteer stenographers writing each question down. If this is the first time you have seen this page, do not worry. We will go around the room and get as many of these questions recorded as possible.

I will then give my remarks, answering as many questions as possible during the presentation. At the end I will ask the stenographers if I have answered all the questions. All unanswered questions will be addressed.

Therefore, each of these presentations is different. No two are alike. They are geared toward not only your needs, but your questions.

Now write down your questions.

1.

2.

3.

4.

Ronney

July 1, 2019



# **The Financial Responsibilities of Being District Governor**

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July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section I – A – District Finances**

As district governor, you have fiscal responsibilities such as managing the district's finances, monitoring the funds of clubs, practicing good stewardship, and ensuring that the district complies with all local laws, including applicable tax and nonprofit laws.

#### **District Funds/Budget**

Districts may establish a fund for financing district-sponsored projects and the administration and development of Rotary in the district. The district fund shall be established by resolution of the district conference. It is important to ensure that

- Decisions about the fund, including the district levy, are voted on at the district assembly, presidents-elect training seminar, or district conference
- The fund is not controlled by a single individual
- An annual statement and report of income and expenditures for the fund is presented to all clubs
- The district per capita levy finances the district fund. The annual budget should help set an appropriate levy amount. The per capita levy may be established or changed by at least three-fourths of the Incoming club presidents at PETS or the district training assembly, or by a majority of the electors present and voting at a district conference. Once established, the levy requires additional approval only if the amount needs to change.

The district finance committee will review and study the necessary costs of district administration. This committee should prepare a budget of district expenditures that should be submitted to clubs at least four weeks before your district training or presidents-elect training seminar and approved at a meeting of the incoming club presidents (at district training assembly, president-elect training seminar, or district conference).

Select one member of the district finance committee to act as treasurer and keep proper records of income and expenditures for each of your district's funds. You and the treasurer will supervise the funds, which should be held in a bank account in the district's name.

If your district raises funds for a specific purpose, such as a multi-district Rotary youth Exchange, a budget should be prepared and submitted to the governor and finance committee for approval, and subsequently to the club presidents. It is essential to maintain separate bank accounts for specific funds and to designate the chair of the appropriate committee as one of the signatories.

District budgets should include funds to support the governor and governor-elect (in addition to Rotary International's funding) as they prepare for and perform the responsibilities of office. Besides the official Rotary activities within the district, special club or district events may require your participation as governor. In accordance with RI policy, the expenses associated with these additional activities should be covered by the club or district. The district fund should also be used to defray the expenses of any visit to your district by the RI director for your zone or any other RI or Rotary Foundation officer invited to your district.

## Reporting

After your year is over, work with the district finance committee to prepare an annual statement and report of district finances, which should mention all sources of district funds, including:

- All funds received by or on behalf of the district from fundraising activities
- Funds of the Rotary Foundation, including grants
- All district committees' financial transactions
- All the governor's financial transactions by or on behalf of the district
- All district fund expenditures
- All funds from RI to the governor

When the report is ready, have a qualified accountant or audit committee independently review it. After the review, the report should be discussed and formally approved at the next district meeting. If it is not adopted, then, it should be moved for discussion and adoption at the district conference. Make sure to provide 30 days' notice so all clubs can send a representative. If the annual statement has not been discussed and approved at the district conference, plan for its formal adoption at a separate meeting also to be announced with 30 days' notice, and to be held within three months of the district conference. If no such meeting takes place, a ballot-by-mail must be conducted within 60 days after the end of the district conference.

Also, you need to submit a copy of your district's annual statement and report of district finances to your Club and District Support representative, along with confirmation that it has been independently reviewed and shared with your district's clubs, within 12 months following your term. Otherwise, until the district financial statement is shared with your clubs and RI, and adopted by the clubs, you will not be eligible for:

- Any expense reimbursements from RI even if RI has validated your submitted expense report
- Any RI volunteer appointment or assignment
- Any Rotary Foundation appointment or assignment
- Any RI or Rotary Foundation award

# **The Financial Responsibilities of Being District Governor**

## **Section I – B – Club Finances**

### **Club Finances**

Any per capita levy established by the district is mandatory for all clubs. Your service as governor and the services of RI can be withheld from any club that does not pay the district levy. In addition, per capita dues to Rotary International are mandatory for every club in your district. RI depends on you, as governor, to work with the clubs in your district to ensure they pay on time.

RI bills each Rotary club for per capita dues and required subscriptions to *The Rotarian* or a Rotary regional magazine (where applicable) twice per year. Council on Legislation charges and other fees are billed annually in July. All assessments are included in the same billing. The club dues invoice is created from the membership information your club has submitted to RI by 1 January or 1 July. Club presidents must ensure that their secretaries provide a current club member list to RI by 1 January and 1 July of each year. Once your club invoice is generated, adjustments to the balance can no longer be made.

Notifications of club termination for nonpayment will be sent to you and the RI director for your zone. You can download a copy of the Daily Club Balance report from [rotary.org](https://rotary.org) to monitor clubs' payment of RI dues and address problems before clubs are terminated. If you have difficulty accessing the report, contact your RI finance representative. You can locate your RI finance representative at [rotary.org/cds](https://rotary.org/cds).

As governor, you are asked to work with assistant governors and clubs to avoid termination and reinstate any terminated clubs. RI policy for termination and reinstating clubs is listed below.

#### **Termination**

- \* Clubs with unpaid dues of \$250 or more will be terminated 4 months after the 1 July and 1 January invoice dates. Code of Policies 9.020.1 (2).

#### **Reinstatement**

- \* Clubs can only seek reinstatement within 150 days after termination.
- \* To reinstate, a club must pay its accrued balance in full, including a reinstatement fee of \$30 per member. Code of Policies 9.020.
- \* See Code of Policies 9.030 for actions clubs are not allowed to make while terminated.

Information obtained from the Rotary International  
Lead Your District Governor  
Club Invoice, Key Points for Club Presidents  
And Rotary Code of Policies

July 1, 2019



## **The Financial Responsibilities of Being District Governor Section II –A**

### **Rotary Funding for Governors – Regular (thru 6/30/21)**

As governor, you will receive funding from Rotary International to assist you in fulfilling your official responsibilities in the district. In February of your year as governor-elect, you'll be advised of your allocated funding, which is determined by the RI Board of Directors. Your funding will take into consideration the needs of your district (# of Rotarians, # of clubs, # of club visits, estimated hotel overnights, training costs, office expenses, size of district, and # of languages) and then available Rotary funds. In first week of July, you will receive 70 percent of the allocated funding. These funds, given in your local currency whenever possible, are intended to subsidize the expenses you personally incur in carrying out your official duties as district governor, governor-elect, and governor-nominee including conducting your district team training events, presidents-elect training seminar, district assembly and district conference, visits to clubs, and office supplies. They are not intended to cover expenses incurred by the district, such as meeting and hotel rooms, meals, transportation expenses for attendees of district meetings, the publication of a district directory, and other district meetings and functions. The premise is that the funds will be used to further Rotary in the DG's district. This funding still does not cover expenses of spouses/significant others.

To receive any portion of the remaining 30 percent, you must first spend it on authorized expenses and provide documentation to RI no later than 31 July after your year-end.

For districts in the new governor funding process, the district finance committee will receive and distribute Rotary funds for the governor.

Information obtained from Rotary International  
Lead Your District Governor  
And April 2019 RI Board of Directors' Minutes

July 1, 2019

## **Section II B Rotary Funding for Governors – Alternative (To become mandated 2021)**

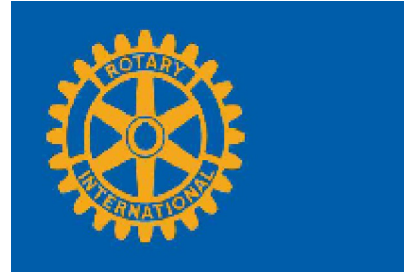
- The district finance committee is responsible for
  - overseeing the funding,
  - creating an expense report for the DG to use,
  - determine the timing for DG's to submit their reports, and
  - approving the expenses the DG submits
- The participating districts receives 100% of the funding in July of the DG's year.
- By 31 July of the year following the DG's year (31 July 2020 for 2019-20 DG's) the finance committee is responsible for submitting a DG Funding Report (sample attached)
- The IPDG is still required to submit to the clubs an Annual Financial Statement, as required in Article 16 in the RI bylaws and ensure that it is discussed and approved by the clubs at a district meeting, also as noted in the bylaws. A copy must also be sent to Rotary International (through the district's CDS representative).

Regarding the last bullet point, please note that though the bylaws state this must be done by 30 September, the RI Board has extended the deadline. IPDG's have until 30 June of the year after the year the DG served (for 2019-20 DG's this would be 30 June 2021) to accomplish these requirements.

There is a course on the funding test entitled *District Governor Funding Test Resources* in the Learning Center on [www.rotary.org/myrotary](http://www.rotary.org/myrotary). The next few pages are excerpts from the course.

Information courtesy of memo from James Damato  
& April 2019 RI BOD Minutes

## APPENDIX: ALTERNATE DISTRICT GOVERNOR FUNDING PROCESS



This section is only for district finance chairs who have agreed to test the new district governor funding process. The requirements for participating districts are outlined below.

### Receiving funds

- Receive the funding amount from RI in February.
- Have your committee submit the completed district payee form by 28 April to enable RI to send the district governor the funding payment. Each July, the district bank account must have at least two Rotary signatories from the district finance committee.
- Release 100 percent of the district governor funding to the district on 1 July.

### Disbursements

- Disburse funds from the district account to the governor for eligible expenses, such as club visits, training events, office supplies and other related expenses.
- Consider giving the district governor an advance for eligible expenses.
  - o Establish a policy stage based on total funds provided.
  - o Review previous disbursement statements before disbursement of funds.

### Managing funds

- Determine how frequently governors must report expenses for reimbursement.
- Ask governors to **provide** documents as required by local financial policy.
- Report any substantiated misuse and mismanagement to your Club and District representative.
- Maintain appropriate record keeping system to comply with local laws.
- Agree to ratify the standard district governor funding process on 1 July 2020.

### Reporting

- Submit the district governor funding report form to RI by 31 July following the governor's term. Include information as a governor-nominee, governor-elect, and governor.
- Return any unused funds to RI by 30 September following the governor's term.
- Cooperate with any audits (financial, district governor funding, operational).
- Provide annual feedback about this process to Rotary International.

If you have any questions about the alternate governor funding process, email [Oinbaru1JmtrictS1QWortJWffient:awe](mailto:Oinbaru1JmtrictS1QWortJWffient:awe).



# DISTRICT GOVERNOR NEW FUNDING PROCESS

## Participation Agreement

The 2017-18 district governor, 2018-19 district governor, 2019-2020 district governor (if named), and 2017-18 district finance committee chair agree to test a new process for District Governor Funding by adhering to the following requirements and signing this agreement by 15 August 2016:

- Appoint a district finance committee chair by 15 August 2016 and by 31 December of the following two years.
- Submit a completed Rotary payee form by 1 April 2017 to provide district account information enabling Rotary to send the DG funding payment each July. The account must have at least two Rotarian signatories from the district finance committee.
- Receive 100% of the DG funding in the district account and ensure unused funds are returned to Rotary no later than 90 days following the end of term (30 September).
- Distribute DG funding from the district account directly to governors for eligible expenses (club visits, district training, district conference, and office expenses).
- Agree to follow all policies in the DG Funding Agreement (available upon request).
- Collaborate on the annual statement and report of district finances and provide a copy to the clubs in accordance with Article 15.060.4 of the RI Bylaws. A financial statement template is available as needed.
- Submit the DG funding report form (enclosed).
- Agree to cooperate with audits (financial, district governor funding, or operational).
- Agree to investigate and resolve any misuse or mismanagement of DG funding, and report any substantiated misuse to Rotary’s General Secretary.
- Agree to return to operating in accordance with the standard DG funding process on 1 July 2020.

\_\_\_\_\_  
District Governor 2017-18

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
District Governor 2018-19

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
District Governor 2019-20 (if named)

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
District Finance Chair 2017-18 (if named)

\_\_\_\_\_  
Signature/Date

28 April 2018 11:00 AM

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N<sup>o</sup>te: Local registration in Argentina, B.L. 0111c, and Colombia; to provide a tax limit. Upon discharge

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## SECTION A: DISTRICT CONTACT INFORMATION

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### SECTION B: DISTRICT HANK ACCOUNT INFORMATION

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Account Holder Name (Beneficiary) \_\_\_\_\_

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Account type: ☐ Savings ☐ Checking ☐ Other (please specify) \_\_\_\_\_

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Date \_\_\_\_\_



# START GUIDE FOR DISTRICT GOVERNOR FUNDING TEST DISTRICTS

Use the questions in this worksheet to help you determine how your district will handle Rotary funding for district governors, including procedures for receiving the funds from Rotary, providing funds to the district governor, verifying proper usage of the funds, and reporting to Rotary.

1. What bank account will receive the DG funding payment from Rotary International? This account must be a District controlled account.
  
2. How many signatories will you have on the district bank account receiving the funds from Rotary International and what are their positions? A best practice is to have at least two signatories (who should not be the DG, unless at least two signatures are required to withdraw funds from the account).
  
3. How will the Rotary funds be distributed to the district governor? When determining this, please consider local laws, tax codes and local financial best practices, as there may be local tax or other implications based on how the funds are distributed.  
Options include but are not limited to:
  - a. Reimbursement only upon receipt of valid expense report
  - b. 70% advance on [Date] and up to 30% additional reimbursement upon receipt of valid expense report (same as current Rotary process)
  - c. \_\_\_% advance on [Date] and up to \_\_\_% additional reimbursement upon receipt of valid expense report (choose different percentages)
  
4. What form will be used by the governor to document/validate expenses?
  - a. District will create own form
  - b. District will use template form from Rotary

(It is recommended the form track expenses according to club visits, training, and office supplies so the DG Funding Report can be completed with ease.)

District Governor Funding Report	
District	
District Governor Name	
Year Served	
Funding from Rotary	
Please list all <b>Rotary</b> funds distributed to this district governor by the district finance committee for expense incurred as a DGN, DGE, and DG.	
Total DG Funding Received from Rotary	0.00
Category	Total Expenses
Club Visits	0.00
District Training Meetings	0.00
District Conference	0.00
Office Supplies	0.00
Total Rotary Funds Distributed to DG	0.00
Funds to Return to Rotary	0.00
Funding from District	
Please list all <b>non-Rotary</b> funds distributed to this district governor as a DGN, DGE, and DG.	
Category	Total Expenses
District Governor-Nominee	0.00
District Governor-Elect	0.00
District Governor	0.00
Total non-Rotary Funds Distributed to DG	0.00
Total Rotary and Non-Rotary Funds Distributed to DG	0.00

Annual Statement and Report of District Finances		
--	--	--

District		
Rotary Year		
DG Name		
ID	List All District Revenue	Total
1	District per capita levy on clubs	0.00
2	Youth programs	0.00
3	Events	0.00
4	Fundraising	0.00
5	Governor funding from Rotary	0.00
6	TRF grant or other TRF funds designated for district use	0.00
7	Bank account interest	0.00
8	Other income	0.00
9	Total District Revenue	0.00

ID	List all District Expenses	Total
10	Rotary clubs	0.00
11	Youth programs	0.00
12	Events	0.00
13	Fundraising	0.00
14	District office and administration	0.00
15	District projects	0.00
16	Rotary-funded grant projects	0.00
17	Governor expenses	
17a	Club visits	0.00
17b	District training meetings	0.00
17c	District conference	0.00
17d	Office supplies	0.00
17e	Other governor expenses	0.00
17f	Governor expenses subtotal	0.00
18	Incoming governors	0.00
19	Assistant governors	0.00
20	District committees	0.00
21	Other expenses	0.00
22	Total District Expenses	0.00

23	Starting balance (from 30 June of the previous year)	0.00
24	Ending Balance	0.00

## Additional Information

### Reporting Requirements

At its January 2017 meeting, the RI Board approved more detail related to non-compliance with the bylaws provision for furnishing an annual statement to clubs and RI. This applies to all districts, whether participating in the alternate funding test or not. If a IPDG fails to comply with this requirement, they will be ineligible to receive:

- any additional expense reimbursements from RI
- any RI volunteer appointment or assignment
- any Rotary Foundation appointment or assignment
- any RI or Rotary Foundation award

Information courtesy of memo from James Damato

## **The Financial Responsibilities of Being District Governor**

### **Section III – Documenting Expenses**

#### **Documenting Expenses**

You will be reimbursed only for expenses you document and submit to RI and only up to the amount of your original funding. If it appears that you will need additional funds because of unusual circumstances, you must obtain prior approval from the RI general secretary. You are responsible for checking local tax regulations related to expense reporting to ensure that you are complying with your country's laws. The only form to complete is the new District Governor Expense Statement.

To be reimbursed for your expenses, you must include original, or legible copies of receipts for all individual expenses that total US\$75 or more (contact your Club and District Support representative for additional local requirements). Consider the following exceptions and suggestions when documenting your expenses:

- For all hotel and lodging expenses, a zero-balance hotel folio receipt is required, regardless of the amount.
  - For all air travel, a receipted invoice must be provided.
  - If a rental car is used, a copy of the rental agreement and a receipt for the amount paid must be provided. When renting a car, use either mileage or the cost of the rental, not both and not fuel.
  - RI asks that the receipts be put in the same order as on the report. And if you want to use some coding system, all the better.
  - You are encouraged to submit electronically via e-mail, by scanning the receipts in the order of the report. Be sure scanned copies are legible. (maybe required now)
  - Maintain a detailed record of your expenses, even those for which receipts may not be available (for instance, taxi fares or tips). Detailed records will simplify computing your expense report and ensure you are prepared in case you are audited.
- ☐ At the minimum, all governors are required to submit an expense report detailing their use of the 70 percent advance from RI. If you wish to claim any portion of the final 30 percent of your funding, you must also submit documentation. Any undocumented portion of the advance will be considered monies due to RI and must be returned. If amounts exceeding \$100 are owed to RI and are not returned within 90 days, you will be ineligible for any further Rotary or Rotary Foundation appointments.
- ☐ U.S. governors only: To comply with Internal Revenue Service regulations, district governors in the United States, its territories, and its possessions must document the use of the funds advanced to them personally by RI and return any unused funds. Failure to do so will require RI to issue a Form 1099 MISC, which reports the funds as income to the IRS.

Information obtained from the Rotary International  
Lead Your District Governor  
And memos from James Demato, RI Club & District Support

July 1, 2019



## **The Financial Responsibilities of Being District Governor**

### **Section IV – A – Authorized Expenses – District Governor Nominee and District Governor Elect**

Rotary Funding for Governors now covers eligible expenses from the time an individual is selected as DG, to the last day of their DG year. Separate expense reports are no longer used for Governors-elect Training Seminar, Assistant Governor Training, and costs associated with organizing new clubs.

The types of expenses available for reimbursement are the same as for District Governors. However, please note there is no substantial increase in funding, just more flexibility. And travel to the RI convention and purchase of any type of equipment, such as desktop computers, laptops, iPad's, cell phones, etc. are still not reimbursable. Please ask your Club and District Support Representative ([www.rotary.org/cds](http://www.rotary.org/cds)) any questions concerning reimbursable expenses.

Information obtained from Rotary International  
Lead Your District Governor  
And Memo from James Demato, RI Club & District Support

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section IV – B – Authorized Expenses – District Governor**

The Governor Expense Guide has been eliminated, and funding is now at the discretion of the DGN, DGE, and DG, keeping in mind there will not be a substantial increase in their funding and that the funding should be used to further Rotary in their district.

Expenses considered basic governor responsibilities:

#### Club Visits

1. Travel
2. Hotel
3. Meals

#### Training & Other Meetings

1. Travel, hotel, and meals for meeting attendance and site visits (GETS, AG Training, PETS, district assembly, district conference, and district team training).
2. Funding can be used to reimburse expenses from district training team members (including assistant governors).

#### Office Expenses

1. Supplies, printing, copying
2. Phone and internet
3. Publications and mailings

#### Other

1. Theme pins
2. Banners,
3. Gifts,
4. Theme jackets

Expenses specifically excluded include travel to RI convention and purchase of any type of equipment, such as desktop computers, laptops, iPad's, cell phones, etc.

Information obtained from Rotary International  
Lead Your District governor  
And Memo from James Demato, RI Club & District Support

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section V – A – District Governor Expense Statement**

Although there is now just one form, as compared to 7 in prior years, you may still desire to complete the forms by type of expenditure. You could also choose to keep expenditures in date or event date order. A copy of the new District Governor Expense Statement follows.

#### **How to Prepare Your Expense Report**

Please follow these steps to prepare your expense statement.

1. Be sure to type or print legibly
2. If you include an expenditure over \$75, make sure you have appropriate documentation to attach
3. If you include a hotel expense make sure you have appropriate documentation
4. Remember when renting a car, use either mileage or the cost of the rental, not both and not fuel.
5. Record every expense separately. Do not group.
6. Total the expenses and record at the bottom. If you've used additional pages, record the total on the last page only.
7. Complete the entire form, sign, and date.
8. Keep a copy of the completed pages and accompanying receipts for your records.
9. Mail or e-mail the signed Summary Report, completed report forms, and required receipts to your Club and District Support representative at the RI office serving your district. (May now require e-mail only)

You may incur expenses that are not reimbursable but may be paid from other sources, such as your district fund, or even your own club. If you need help or have any questions, please contact your Club and District Support representative.

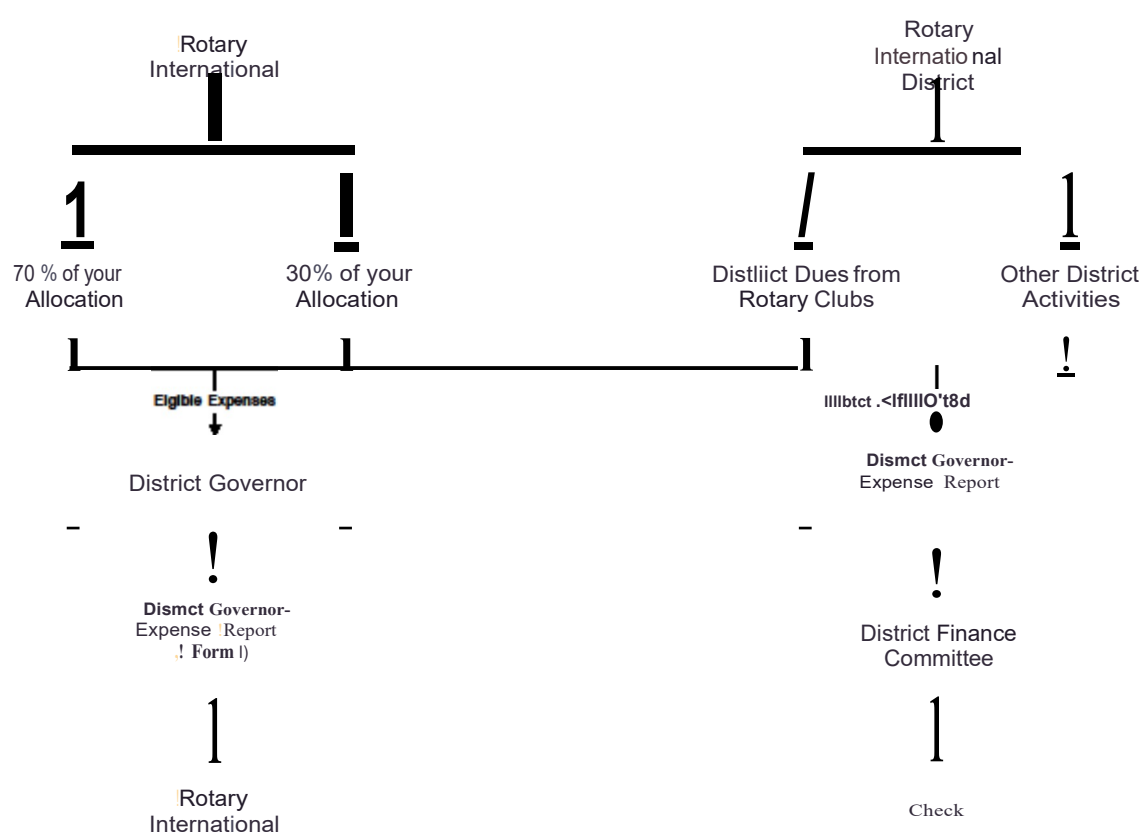


### AUTO TRAVEL LOG

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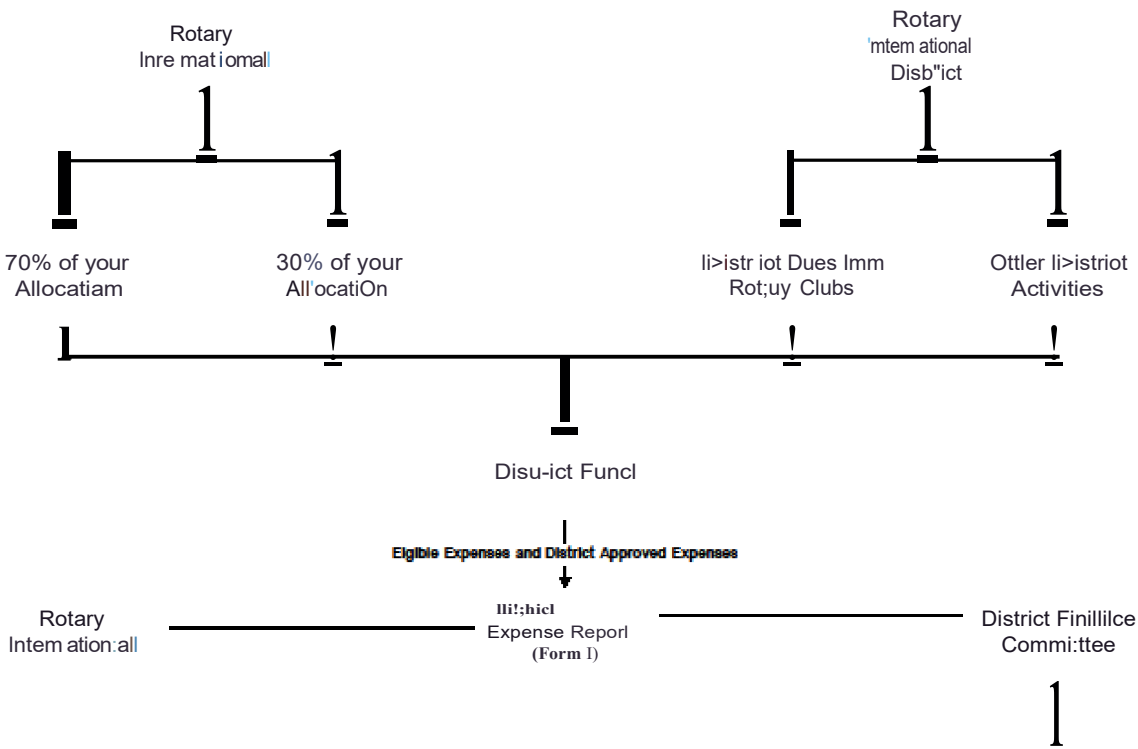
# Rotary International District Governor Expense Report

Possible Flow of Funds - Example 1



Rotary International District Governor Expense Report

Possible Flow of Funds - Example 2



Mileage Schedule									
Month: July									
		# of							
Date	Purpose/description	miles	rate	total	Rotary Int	District	Club	Personal	Explanations
	1 Visits-RC of Killeen	140	0.545	76.30	76.30				use up RI allocation, then District, then club
	2 Training-RC of Waco	200	0.545	109.00	109.00				
	2 Visit- RC of Hillsboro	78	0.545	42.51	42.51				
	3 Fd training-Austin	55	0.545	29.98		29.98			Foundation exp not reimb by RI
			0.545	-					
			0.545	-					
			0.545	-					
			0.545	-					
			0.545	-					
			0.545	-					
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			0.545	-					
			0.545	-					
			0.545	-					
			0.545	-					
			0.545	-					
	Totals			257.79	227.81	29.98			





## **The Financial Responsibilities of Being District Governor**

### **Section VI – Top Eight District Governor Expense Reporting Errors**

Below are the most common errors made in reporting district governor's expenses.

1. Insufficient detail provided on each line item (especially for printing and postage expenses). Make sure to include specifics of the official RI business purpose of each expense;
2. Receipt not included for expenses US\$75.00 or more, and all hotel expenses. Hotel expenses must be accompanied with a hotel bill (folio);
3. A credit card statement does not suffice as receipt;
4. Expenses claimed for spouse or district officer, or at district committee meetings, etc.;
5. Expenses related to RI Foundation activities;
6. Expenses incurred by the district instead of expenses personally incurred by the governor. The governor's allocation is intended to reimburse governors for personal expenses incurred while performing official RI duties;
7. Incorrect mileage rate for automobile travel expenses. Current mileage rates are listed in the "Travel services" of the "General information" area in the Members section of [www.rotary.org](http://www.rotary.org);
8. A "per day" amount for meals (e.g. 5 meals at \$20.00/day). Each individual expense must be listed out separately.

## **The Financial Responsibilities of Being District Governor**

### **Section VII - Additional Reimbursements-**

#### **International Assembly**

RI provides the air transportation, hotel accommodations, and meals for you and your spouse for the International Assembly. Information on making arrangements and additional allowable expenses are included in the registration mailing you'll receive from RI in August or September. To be reimbursed for any additional authorized costs you incur attending the assembly, submit the Rotary International and Rotary Foundation Expense Statement within 60 days after the International Assembly.

If your spouse/partner decides to skip the assigned meetings, RI will charge you the costs of bringing him/her to International Assembly. I.e. If RI pays, you and your spouse/partner **will** attend.

Information obtained from the Rotary International  
District Governor's Manual Publication

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section VIII – Risk Management**

Risk management is the process of planning, organizing, leading, and controlling an organization's activities to minimize the adverse effects of accidental losses on the organization. You are able to minimize risk and safeguard Rotarians, program participants, and assets belonging to the district. Limit your personal liability and that of your district by answering three basic questions when planning activities and events for your year as governor:

- What can go wrong?
- If something goes wrong, how will I or the district respond?
- How will any losses be paid for?

If there's a significant possibility that something can go wrong, you can reduce risk by

- Not conducting the activity or event
- Modifying the activity or event to lessen the risk
- Preparing a plan to address any potential problems
- Finding another organization that will agree to participate and share the risk

Though conducting business through handshakes or verbal agreements may be common, RI strongly recommends that your district use written and signed contracts. A contract attempts to clearly define the roles and responsibilities of each party and can include provisions to limit risk. When negotiating a contract, read it thoroughly to understand what you are agreeing to. Retain legal documents for several years after the event in case a claim is made.

Districts and clubs are urged to obtain the advice of legal and insurance counsel regarding liability protection. Protection may come through the incorporation of the district or club (or its activities) or the purchase of liability insurance coverage as deemed appropriate. See the *Manual of Procedure* (035) for additional information

Information obtained from Rotary International  
Lead Your District Governor

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section IX – Insurance Provided by Rotary International**

#### **Insurance Coverage Provided by Rotary**

While you are acting in your role as a Rotary officer during your term as district governor (1 July to 30 June), you will be covered by the RI general liability and directors and officer's liability insurance policies.

You are covered under these policies only while you are acting in your role as a Rotary officer. Because you will not be serving in this role at all times during your year in office, your district is urged to secure general liability and directors and officers liability insurance to ensure complete coverage. The cost of obtaining additional coverage is not reimbursable as part of your district governor's allocation from RI. To obtain insurance appropriate for your geographic area, contact a local insurance agent. If you are aware of an insurance claim or an incident that may give rise to a claim while you are serving as governor, contact your CDS representative immediately.

#### **Coverage for U.S. Districts**

Districts in the United States and its territories and possessions are automatically covered by general liability and directors and officers employment practices liability insurance through a program arranged by RI and paid for by all active U.S. clubs through the semiannual dues report.

#### **Coverage at the International Assembly**

You and your spouse will be covered by travel insurance while traveling to and from the International Assembly and attending the meeting. This coverage, which is intended for use in the event of an illness or injury, varies depending on your home country. For example, if you live in the United States, travel medical insurance coverage will not be provided. Your International Assembly registration packet will include more detailed information about the insurance coverage provided by RI.

Information obtained from Rotary International  
Lead Your District Governor

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section X – U.S. Rotary Club and District Liability Insurance Program**

Active U.S. Rotary clubs and districts are provided with general liability ("GL") and directors & officers/employment practices liability ("D&O/EPL") insurance through the U.S. Rotary Club and District Liability Insurance Program ("Program"). The Program is financed by insurance assessments collected from U.S. Rotarians.

Note: The Program does NOT provide coverage for bodily injury or property damage sustained by a first-party insured, such as a Rotarian or volunteer. To obtain a certificate of insurance, insurance policies and summaries, and loss control guidelines, please visit the Insurance Information Portal.

Note: Insurance information Portal is a protected website and can be accessed with a user name and password only. User name and password have been provided to club and district officers through the annual mailing. You can also contact Lockton to obtain a user name and password at [rotary@lockton.com](mailto:rotary@lockton.com).

Insurance Information Portal's web address  
<https://www.locktonportal.com/sites/rotary/resources>

To report an incident, please contact [Rotary International Risk Management](#).

Information obtained from the Rotary International Web Site  
[://www.rotary.org/en/members/generalinformation/insurance/pages/ridefault.aspx](https://www.rotary.org/en/members/generalinformation/insurance/pages/ridefault.aspx)

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – A – District and Rotary Clubs – Type of Organization**

On 13 May 1958, the Internal Revenue Service declared that Rotary International (RI) and its clubs and districts are entitled to exemption from federal income tax under Section 501(c)(4) of the Internal Revenue Code.

#### **Tax Deductible Status:**

Contributions to clubs and districts are generally not tax deductible as charitable contributions. Clubs and districts that have gross annual receipts that normally exceed \$100,000 generally must include a disclosure statement regarding the non-deductibility of contributions during fundraising solicitations (IRC Sec. 6113). Note that this includes invoices *for payment of dues*. See **IRS Notice 88-120** for more details and acceptable disclosure language. Sometimes clubs create a separate charitable organization or fund and obtain tax exemption under Section 501(c)(3) of the Internal Revenue Code. Contributions to such exempt fund may be tax deductible as charitable contributions. Membership dues may be deductible for some Rotarians as business expenses.

Information obtained from Rotary International and the Internal Revenue Service  
– Code, Regulations, and Instructions

July 1, 2019

## The Financial Responsibilities of Being District Governor

### Section XI – B – I – Filing Requirements – Who Must File?

While Rotary clubs and districts are exempt from paying *federal income tax on exempt function activities*, **the law does require Rotary clubs and districts to file an annual information return (Form 990, 990-EZ) or submit an annual electronic notice (Form 990-N). The version a club files is dependent upon its gross receipts for the year.**

If the Rotary Club or district engages in activities that are regularly carried on, not a part of their exempt function, and the gross receipts exceed \$1,000, they are required to file a Form 990T, and could be subject to paying income tax. Examples of activities would be advertising or marketing for a for-profit business.

These returns are required annually. The law mandates that this information be submitted on or before the 15th day of the 5th month following the close of the annual accounting period (**no later than 15 November**). Failure to meet the annual filing requirement for three consecutive years will result in **revocation of the tax-exempt status of the club or district** in question. To learn more about this requirement, visit the US Treasury website at: [www.irs.gov/eo](http://www.irs.gov/eo), or call the toll-free number: (877) 829-5500.

Information obtained from the Internal Revenue Service –  
Code, Regulations & Instructions

July 1, 2019



## The Financial Responsibilities of Being District Governor

### Section XI – B – II – So what form should be filed?

**Form 990-N.** If an organization normally has gross receipts of \$50,000 or less, it must submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ, if it chooses not to file Form 990 or Form 990-EZ (there are exceptions for certain section 509(a)(3) **supporting organizations** and for certain organizations described in *Part B, of IRS instructions*).

**Form 990-EZ.** If an organization has **gross receipts** less than \$200,000 and **total assets** at the end of the tax year less than \$500,000, it can choose to file Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, instead of Form 990. See the instructions for Form 990-EZ for more information. There are special rules for **controlling organizations** under section 512(b)(13) and **sponsoring organizations of donor advised funds**.

If an organization eligible to submit the Form 990-N or file the Form 990-EZ chooses to file the Form 990, it must file a complete return.

Information obtained from the Internal Revenue Service Instructions for Form 990  
Return of Organization Exempt From Income Tax

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – B – III – What are Gross Receipts?**

Gross receipts are the total amounts the organization received from all sources during its annual tax year (including short years) without subtracting any costs or expenses.

Information obtained from the Internal Revenue Service Instructions for Form 990  
Return of Organization Exempt From Income Tax

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – B – IV – Do Rotary Districts and Clubs have to pay taxes?**

#### **Other Taxes:**

Clubs or districts may be required to file **IRS Form 990-T** if they have "*unrelated business income*." An unrelated trade or business is defined as any trade or business that is regularly carried on, and that is not substantially related to the organization's exempt purpose or function. (IRC Sec. 513). Federal Social Security and withholding taxes, and local state income taxes may be required from a club or district that has one or more paid employees. Please contact the IRS or your tax consultant or attorney for guidance on this issue.

The laws of individual states vary regarding state income tax, sales tax, other taxes and special licenses. The 501(c)(4) status applies only to federal income tax and does not necessarily have any bearing on state or local taxes. IRS interpretation of its Code also can vary slightly in different US Treasury districts.

Information obtained from the Rotary International and the Internal Revenue Service – A Bulletin for Rotary Clubs and Districts in the USA, Puerto Rico, US Virgin Islands, Guam, American Samoa, and Northern Mariana Islands

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – B – V – What are the penalties for not filing?**

#### **Against the organization**

Under section 6652(c)(1)(A), a penalty of \$20 a day, not to exceed the lesser of \$10,000 or 5% of the **gross receipts** of the organization for the year, can be charged when a return is filed late, unless the organization shows that the late filing was due to reasonable cause. Organizations with annual **gross receipts** exceeding \$1 million are subject to a penalty of \$100 for each day failure continues (with a maximum penalty for any one return of \$50,000). The penalty applies on each day after the due date that the return is not filed.

Tax-exempt organizations that are required to file electronically but do not are deemed to have failed to file the return. This is true even if a paper return is submitted, unless the organization files by paper to report a name change.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

- Complete all applicable line items,
- Unless instructed to skip a line, answer each question on the return,
- Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported, and
- Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses can be subject to this penalty.

Use of a paid preparer does not relieve the organization of its responsibility to file a complete return.

#### **Against responsible person(s).**

If the organization does not file a complete return or does not furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of \$10 a day. The maximum penalty on all persons for failures for any one return shall not exceed \$5,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (see sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

#### **Automatic revocation for non-filing for three consecutive years**

The law requires most tax-exempt organizations, other than churches, to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N e-Postcard to the IRS. If an organization fails to file an annual return or submit a notice as required for 3 consecutive years, it will automatically lose its tax-exempt status. Organizations that lose their tax-exempt status may need to file income tax returns and pay income tax but may also apply for reinstatement of exemption. For details, go to [www.irs.gov/eo](http://www.irs.gov/eo)

Information obtained from the Internal Revenue Service Instructions for Form 990  
Return of Organization Exempt From Income Tax

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – B – VI – 1 – Federal Identification Number**

This 9-digit number is essentially a tax ID number and has nothing to do with whether the club or district has any employees. As RI must report annually the EINs of all districts and clubs in the USA, Puerto Rico and Virgin Islands, the RI secretariat maintains a list of those EIN tax numbers for reference. New Rotary Clubs, however, must apply directly to the IRS for an EIN number to be assigned to the new Rotary club. Please contact your Club and District Support (CDS) representative at Rotary International headquarters if you have any questions about the EIN number for your club or district.

Information obtained from the Rotary International and the Internal Revenue Service – A Bulletin for Rotary Clubs and Districts in the USA, Puerto Rico, US Virgin Islands, Guam, American Samoa, and Northern Mariana Islands

July 1, 2019

## **The Financial Responsibilities of Being District Governor**

### **Section XI – B – VI – 2 – Group Exemption Number**

RI's **Group Exemption Number** (referred to as "GEN" on Form 990), **is 0573**, which applies to RI as well as all USA, Puerto Rico and Virgin Islands clubs and districts. At the same time, every club and district in the USA, Puerto Rico and Virgin Islands is required to have its own ***Employer Identification Number (EIN)***.

If the club or district fails to file their tax return for 3 years and loses their exemption from IRS, they will also lose the ability to use RI's Group Exemption Number. They will also have to make application (Form 1024) to the Internal Revenue Service to be an exempt organization. The Form 1024 is long and detailed, and the review process by IRS can take six months or more.

Information obtained from the Rotary International and the Internal Revenue Service – A Bulletin for Rotary Clubs and Districts in the USA, Puerto Rico, US Virgin Islands, Guam, American Samoa, and Northern Mariana Islands

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## **The Financial Responsibilities of Being District Governor**

### **Section XII – District Incorporation**

1. When a group or organization incorporates, it forms into a legal corporation. The primary benefit of incorporating is to protect personal assets from potential business liabilities. Incorporation may also support continuity and consensus for decision-making, because the district board of directors will be involved in short- and long-term decisions that affect the district.

Districts may seek the RI Board's approval to incorporate if they have the support of at least two-thirds of their clubs. RI requirements for district incorporation include:

- All clubs must be members of the incorporated district.
- The district governor must be the highest officer of the district corporation.
- The district's corporate documents must be consistent with the RI Constitution, RI Bylaws, and policies to the extent permitted by the laws of the local jurisdiction.

If you are considering incorporating your district, contact your CDS representative. Find more information about incorporation at [rotary.org](http://rotary.org).

Information obtained from Rotary International  
Lead Your District Governor  
And Manual of Procedures

July 1, 2019