

**ROTARY INTERNATIONAL
DISTRICT 7820 INCORPORATED**

Financial Statements

Year Ended June 30, 2019

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

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Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rotary International District 7820 Incorporated

Qualified Opinion

We have audited the financial statements of Rotary International District 7820 Incorporated (the District), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the District derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the District. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2019, current assets and net assets as at June 30, 2019. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Rotary International District 7820 Incorporated

Those charged with governance are responsible for overseeing the District's financial reporting process.

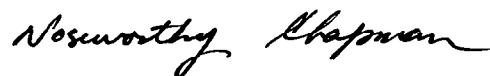
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
St. John's, NL
May 2, 2020

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Statement of Financial Position

June 30, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 137,000	\$ 120,404
Accounts receivable	12,287	5,789
Prepaid expenses	13,543	16,354
	162,830	142,547
RESTRICTED CASH (Note 4)	28,795	28,795
	\$ 191,625	\$ 171,342
LIABILITIES		
CURRENT		
Payables and accruals	\$ 29,278	\$ 17,283
NET ASSETS		
Unrestricted fund	133,552	125,264
Restricted Fund (Note 4)	28,795	28,795
	162,347	154,059
	\$ 191,625	\$ 171,342

ON BEHALF OF THE BOARD

_____ *District Governor*

_____ *District Treasurer*

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED**Statement of Operations****Year Ended June 30, 2019**

	2019	2018
REVENUES		
Club assessments	\$ 91,578	\$ 93,338
District Governor allocation	51,313	61,054
Liability insurance assessments	35,173	35,195
District simplified grant	28,160	36,463
District conference income	16,629	3,313
New generations	12,251	22,750
Youth auction	2,416	3,478
Miscellaneous	-	17,269
Interest	-	948
	237,520	273,808
EXPENDITURES		
District assembly and conference	37,873	69,874
District Governor travel and administrative	33,246	34,359
Insurance	32,547	32,350
District grants	28,054	35,918
District youth services	24,403	24,127
TLC training	15,145	10,052
District operating expenses:		
- Travel, awards, club visit and other	18,976	11,982
- Administration	11,209	6,927
Zone Institute (recovered)	11,798	(861)
Administrative support	9,475	14,114
Rotary Foundation	8,406	3,115
Training programs	7,973	5,633
Membership development and extension	1,383	4,820
Bad debts	550	-
	241,038	252,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE DISTRICT ALLOCATION OF CONFERENCE SURPLUS	(3,518)	21,398
SCHEDULE OF CONFERENCE REVENUES AND EXPENDITURES (UNAUDITED) <i>(Schedule 1)</i>	11,806	540
EXCESS OF REVENUES OVER EXPENDITURES	\$ 8,288	\$ 21,938

See notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Statement of Changes in Net Assets

Year Ended June 30, 2019

	Unrestricted Fund	Restricted Fund (Note 4)	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 125,264	\$ 28,795	\$ 154,059	\$ 132,121
Excess of revenues over expenditures	8,288	-	8,288	21,938
NET ASSETS - END OF YEAR	\$ 133,552	\$ 28,795	\$ 162,347	\$ 154,059

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED**Statement of Cash Flows****Year Ended June 30, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 8,288	\$ 21,938
Changes in non-cash working capital:		
Accounts receivable	(6,497)	(1,428)
Payables and accruals	11,994	9,871
Deferred membership dues	-	(510)
Prepaid expenses	2,811	(16,354)
	8,308	(8,421)
INCREASE IN CASH	16,596	13,517
Cash - beginning of year	149,199	135,682
CASH - END OF YEAR	165,795	149,199
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 137,000	\$ 120,404
Restricted cash	28,795	28,795
	\$ 165,795	\$ 149,199

See notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Notes to Financial Statements

Year Ended June 30, 2019

1. PURPOSE OF THE DISTRICT

Rotary International District 7820 Incorporated (the "District") is a not-for-profit organization that acts as the governing body for local Rotary Clubs in the Canadian Provinces of Nova Scotia, Prince Edward Island and Newfoundland and Labrador, the Magdalene Islands of Quebec, and St. Pierre et Miquelon. The District is not subject to income tax, as a not-for-profit organization, under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

Rotary International District 7820 Incorporated follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Notes to Financial Statements

Year Ended June 30, 2019

3. RELATED PARTY TRANSACTIONS

Revenue includes \$126,751 (2018 - \$128,533) for club and liability insurance assessments collected from various Rotary clubs.

4. RESTRICTED FUNDS

The District Treasurer received sums of money designated for specific purposes from individuals and clubs. All other funds are used for operating purposes. Restricted funds are as follows:

	2019	2018
District Youth Exchange Bursary Fund	\$ 25,000	\$ 25,000
Litigation Contingency Fund	3,795	3,795
	\$ 28,795	\$ 28,795

The District Youth Exchange Bursary Fund provides a source of funds to assist youth in the District who, without financial assistance, would otherwise be unable to participate in the program.

The Litigation Contingency Fund was established to set aside funds to pay for any potential litigation in which the District may become involved.

5. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED
Schedule of Conference Revenues and Expenditures (Unaudited)
Year Ended June 30, 2019

(Schedule 1)

	2019	2018
REVENUE		
Registration	\$ 61,240	\$ 84,825
Sponsorship	7,524	16,205
Other income	4,597	9,983
	73,361	111,013
EXPENDITURES		
Meals and accommodations	20,959	59,238
Youth exchange	6,765	13,206
Entertainment and hospitality	5,449	5,669
Speakers	4,100	2,975
Committee expenses	3,869	3,734
Transportation	2,685	3,153
Interest and bank charges	1,124	1,902
Miscellaneous	1,091	1,953
Web design and printing	837	2,997
Audio and visual	250	8,102
Partner programs	191	150
	47,320	103,079
EXCESS OF REVENUES OVER EXPENDITURES	26,041	7,934
Sponsoring club allocation of conference surplus	14,235	7,394
DISTRICT ALLOCATION OF CONFERENCE SURPLUS	\$ 11,806	\$ 540

The above expenditures are unaudited and are incurred by Rotary International, are not included in the financial results of Rotary International District 7820 Incorporated and are presented for information purposes only.