

**ROTARY INTERNATIONAL
DISTRICT 7820 INCORPORATED**

Financial Statements

Year Ended June 30, 2020

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

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Year Ended June 30, 2020

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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, 2020, 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, 2020, 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, 2020, current assets and net assets as at June 30, 2020. Our audit opinion on the financial statements for the year ended June 30, 2019 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
March 14, 2021

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Statement of Financial Position

June 30, 2020

	2020	2019 (Note 5)
ASSETS		
CURRENT		
Cash	\$ 94,097	\$ 137,000
Accounts receivable	3,511	552
Prepaid expenses	10,425	13,543
	108,033	151,095
RESTRICTED CASH (Note 4)	115,000	28,795
	\$ 223,033	\$ 179,890
LIABILITIES		
CURRENT		
Payables and accruals	\$ 17,711	\$ 29,279
NET ASSETS		
Unrestricted fund	90,322	121,816
Restricted funds (Note 4)	115,000	28,795
	205,322	150,611
	\$ 223,033	\$ 179,890

ON BEHALF OF THE BOARD

Louisa Horne

Louisa Horne (May 17, 2021 14:28 ADT)

District Governor

W Scammell

District Treasurer

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED**Statement of Operations****Year Ended June 30, 2020**

	2020	2019 (Note 5)
REVENUES		
Club assessments	\$ 85,860	\$ 91,578
District Governor allocation	56,888	51,313
District simplified grant	41,634	28,160
Liability insurance assessments	33,225	35,173
New generations	23,224	12,251
Miscellaneous	1,500	4,892
Youth auction	-	2,416
District's allocation conference surplus (deficit) (Schedule 1)	(2,768)	11,808
	239,563	237,591
EXPENDITURES		
District grants	41,795	28,054
District Governor travel and administrative	34,354	33,246
Insurance	31,066	32,547
Training programs	17,188	15,145
District youth services	15,891	24,403
Zone Institute	9,742	11,798
District operating expenses:		
- Travel, awards, club visit and other	7,311	18,976
- Administration	7,022	11,209
Administrative support	7,007	9,474
TLC training	5,450	7,973
Membership development and extension	4,649	1,383
Rotary Foundation	1,992	8,406
Committees: World Community Service	650	-
Bad debts	550	550
District assembly and conference	185	37,873
	184,852	241,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 54,711	\$ (3,446)

See notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Statement of Changes in Net Assets

Year Ended June 30, 2020

	Unrestricted Fund	Restricted Funds (Note 4)	2020	2019 (Note 5)
NET ASSETS - BEGINNING OF YEAR	\$ 121,816	\$ 28,795	\$ 150,611	\$ 154,057
Excess (deficiency) of revenues over expenditures (Note 5)	54,711	-	54,711	(3,446)
Interfund transfers (Note 4)	(86,205)	86,205	-	-
NET ASSETS - END OF YEAR	\$ 90,322	\$ 115,000	\$ 205,322	\$ 150,611

See notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED**Statement of Cash Flows****Year Ended June 30, 2020**

	2020	2019 (Note 5)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 54,711	\$ (3,446)
Changes in non-cash working capital:		
Accounts receivable	(2,960)	5,238
Payables and accruals	(11,567)	11,995
Prepaid expenses	3,118	2,811
	(11,409)	20,044
INCREASE IN CASH	43,302	16,598
Cash - beginning of year	165,795	149,197
CASH - END OF YEAR	209,097	165,795
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 94,097	\$ 137,000
Restricted cash	115,000	28,795
	\$ 209,097	\$ 165,795

See notes to financial statements

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Notes to Financial Statements

Year Ended June 30, 2020

1. PURPOSE OF THE DISTRICT AND COVID-19

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.

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the District or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the District's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the District's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the District's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

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.

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ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Notes to Financial Statements

Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

3. RELATED PARTY TRANSACTIONS

Revenue includes \$119,085 (2019 - \$126,751) 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:

	2020	2019
District Youth Exchange Bursary Fund	\$ 25,000	\$ 25,000
District Reserve Fund	90,000	-
Litigation Contingency Fund	-	3,795
	\$ 115,000	\$ 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 District Reserve Fund provides a source of funds to assist with unexpected future costs or financial obligations. This motion was passed by the Board of Directors as of March 3, 2020.

The Litigation Contingency Fund was established to set aside funds to pay for any potential litigation in which the District may become involved. This motion was passed by the Board of Directors to be eliminated as of March 3, 2020.

During 2020, the District transferred funds of \$3,795 from the Litigation Contingency Fund to the District Reserve Fund. The District also transferred \$86,205 from Unrestricted Net Assets to the District Reserve Fund.

5. CORRECTION OF PRIOR YEAR ACCOUNTING ERROR

The comparative figures for the year ended June 30, 2019 have been restated to correct an accounting error. The District's allocation of the conference surplus was inadvertently recorded twice; this resulted in an overstatement of accounts receivable and the unrestricted fund balance at June 30, 2019 by \$11,735, and an overstatement of revenues and excess of revenues over expenditures for the year ended June 30, 2019 by \$11,735.

ROTARY INTERNATIONAL DISTRICT 7820 INCORPORATED

Notes to Financial Statements

Year Ended June 30, 2020

6. 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

(Schedule 1)

Year Ended June 30, 2020

	2020	2019 <i>(Unaudited)</i>
REVENUES		
Registration	\$ -	\$ 61,240
Sponsorship	-	7,524
Other income	-	4,597
	-	73,361
EXPENDITURES		
Meals and accommodations	901	20,958
Youth exchange	794	6,765
Committee expenses	500	3,869
Speakers	300	4,100
Web design and printing	181	836
Interest and bank charges	62	1,124
Miscellaneous	30	1,091
Transportation	-	2,685
Entertainment and hospitality	-	5,449
Audio and visual	-	250
Partner programs	-	191
	2,768	47,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,768)	26,043
Sponsoring club allocation of conference surplus	-	14,235
District's allocation of conference (deficit) surplus	(2,768)	11,808
CONFERENCE SURPLUS	\$ -	\$ -

The prior year expenditures are unaudited and are incurred by Rotary District 7820, are included in the financial results of Rotary International District 7820 Incorporated and are presented for information purposes only.






Rotary District 7820 FINAL audited financial statements June 30, 2020 with WS signature

Final Audit Report

2021-05-17

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