

Rotary International District 5160

Financial Statements

**For the Year Ended
June 30, 2018**

Rotary International District 5160

**For the Year Ended
June 30, 2018**

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September 30, 2018

Finance Committee
Rotary International District 5160

The District Audit Task Force presents the annual statements and reports for the fiscal year ending June 30, 2018. The attached reports include the following:

Statement of Financial Position
Statement of Activities
Statement of Cash Flows
Notes to Financial Statements
Supplemental Information:
 Statement of Financial Position by Fund
 Statement of Activities by Fund

The reports and financial records reviewed by the Audit Task Force are intended to include all sources of District funds, all funds related to fundraising activities, grants from The Rotary Foundation, all financial transactions of District committees, all financial transactions of the District Governor line, all expenditures of District funds and all funds received from Rotary International.

The Audit Task Force performed the following agreed upon procedures related to these reports:

1. Comparison of financial statement balances to the underlying ledgers and trial balances.
2. Review of bank reconciliations for all cash accounts of the District at year-end.
3. Selected review of a sample of disbursement transactions and the related supporting documentation.
4. Review of documentation for a sample of reimbursements and expenditures related to the expenses of the District Governor line.
5. Comparison of dues revenue to Club membership reports for a sample of Clubs in the District.
6. Analytical review of budgeted versus actual account balances.
7. Review of accounting procedures and internal controls to determine compliance.

The Audit Task Force is comprised of two active Rotary members:
Bradley Ward and Patricia Bergman

We would like to extend our appreciation for the support and assistance of District Treasurer Lynn Jepsen for her accommodation of our requests for information and explanations during the review process. We present this report to the Finance Committee for discussion and adoption.

Sincerely,

Steve Lack
Audit Committee Chair

ROTARY INTERNATIONAL DISTRICT 5160

Statement of Financial Position

As of June 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$	422,046
Prepays		19,696
Total Other Current Assets		<u>19,750</u>

Total Current Assets 441,742

TOTAL ASSETS \$ 441,742

LIABILITIES & NET ASSETS

Current Liabilities

Accounts payable and accrued expenses \$ 38,711

Total Current Liabilities 38,711

Net Assets

Unrestricted

Available for operations 211,037

Board designated 191,994

Total Unrestricted 403,031

Total Net Assets 403,031

TOTAL LIABILITIES & NET ASSETS \$ 441,742

Rotary International District 5160

Statement of Activities

As of June 30, 2018

	Total
Support and Revenue	
Rotary club dues	\$ 172,484
District event income	81,055
Rotary International reimbursement	19,312
Rotary International Grant	169,877
Other Income	10,206
Youth service income	209,960
Total Support and Revenue	<u>\$ 662,895</u>
Expenses	
Program Services	
Youth	\$ 201,269
Grants	169,877
District events	112,033
Training	77,867
Governor Club Visits / Training	23,464
Total Program Expenses	<u>584,510</u>
Administration and management	<u>73,876</u>
Total Expenses	658,386
Increase in Net Assets	4,509
Net Assets at Beginning of Year	398,952
Prior Period Adjustments / Balance funds	(430)
Adjustment to balance funds	
Net Assets at Beginning of Year, as Restated	398,522
Net Assets at End of Year	<u><u>\$ 403,031</u></u>

Rotary International District 5160

Statement of Cash Flows

For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$	4,509
Adjustments to reconcile change in net assets to cash provided by operations:		
Decrease in current assets		11,451
Increase in current liabilities		8,829
		<hr/>
Net cash provided by Operating Activities		24,789

CASH FLOWS FROM OTHER

Prior period adjustment		(430)
		<hr/>
Net cash provided by prior period adjustment		(430)

Net increase in Cash and Cash Equivalents, Beginning of Year		24,359
Cash and Cash Equivalents, Beginning of Year		397,687
		<hr/>
Cash and Cash Equivalents, End of Year	\$	422,046

Rotary International District 5160

Notes to Financial Statements For the Year Ended June 30, 2018

NOTE 1 NATURE OF OPERATIONS

Rotary International District 5160 (the "District") is a not-for-profit unincorporated association formed in 1915 and is an administrative district of Rotary International. As a volunteer organization, the District provides support to 71-member clubs and humanitarian services primarily in the central portion of Northern California. Rotary International is a worldwide organization of business and professional leaders that promotes community service and high ethical standards in business and the professions. The District is supported primarily by dues allocated from member clubs, participation fees from Rotarian members, and grants and reimbursements from Rotary International and The Rotary Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the preparation of the District's financial statements:

Basis of Accounting

The financial statements of the District are prepared on the accrual basis of accounting.

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the District and changes therein are classified and reported as follows:

- **Unrestricted** net assets are those currently available, at the discretion of the District treasurer and management, for use in the District's operations.
- **Temporarily restricted** net assets are those that are stipulated by donors for specific operating purposes, special programs, or for capital projects.
- As of June 30, 2018, the District did not have any temporarily restricted net assets
- **Permanently restricted** net assets are generally reserved for situations when donors make permanent endowments.

As of June 30, 2018, the District did not have any permanently restricted net assets.

Rotary International District 5160

Notes To Financial Statements

For the Year Ended June 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Revenues are reported as increases in unrestricted net assets unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities, when the donor restriction expires or the purpose restriction is accomplished.

Cash and Cash Equivalents

The District considers all cash on deposit with financial institutions and all highly liquid investments with an original maturity of three months or less at the date of deposit to be cash equivalents. There were no cash equivalents held by the District as of June 30, 2018.

Concentration of Credit Risk

The District maintains its cash and cash equivalents in commercial banks in the United States which are insured by the Federal Deposit Insurance Corporation (FDIC) which, at times, may reach or exceed Federally insured limits. The District has not experienced any losses in these accounts.

Accounts Receivable and Related Parties

The District bills the member clubs for annual dues on July 1st of each year. The dues for the current year have all been received as of June 30, 2018.

Prepays

Prepays are primarily composed of deposits for the District installation dinner and annual conference.

Recognition of Revenue

Member dues are recognized as revenue on a pro rata basis covered by the billing. Since the dues are billed on the first day of the fiscal year the pro rata amount is the same as the fiscal year. As such, all dues revenue is recognized in the fiscal year billed. Event and service revenue is recognized when received and earned.

Rotary International District 5160

Notes To Financial Statements

For the Year Ended June 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The District is a nonprofit entity exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code (California Code) and is classified as a charitable organization. Not-for-profit organizations are potentially subject to Federal and State income taxes on activities unrelated to their tax-exempt purpose. The District is not aware of any such activities that it may have engaged in during the year ended June 30, 2018. The District has not taken any uncertain tax positions that would require provision of a liability or disclosure in the financial statements. Accordingly, no provision for income taxes is made in the accompanying financial statements.

Contributed Services

Many volunteers have contributed significant amounts of their time to activities of the District. The value of the contributed services is not recognized in the financial statements, since it does not meet the criteria for recognition as a contribution.

Functional Expenses

The District allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the District's management.

Prior Period Adjustment

Net assets at the beginning of the year were overstated. These amounts have been reclassified into unrestricted net assets as of June 30, 2018.

NOTE 3 BOARD DESIGNATED UNRESTRICTED NET ASSETS

Unrestricted board designated funds are as follows:

	<u>June 30, 2018</u>
Youth Exchange	\$ 93,146
Camp Venture	15,132
Interact	42,139
Camp Royal	<u>41,577</u>
Total	<u>\$ 191,994</u>

Rotary International District 5160

Notes To Financial Statements

For the Year Ended June 30, 2018

NOTE 4 CONCENTRATIONS

The District's primary source of operations income consists of contributions from club members and regular attendees which represents over 88% of the District's revenue for the year ended June 30, 2018. The District's market is concentrated in the central portion of Northern California

ROTARY INTERNATIONAL DISTRICT 5160

Statement of Financial Position by Fund

As of June 30, 2018

	Operations	Block Grant	Youth Exchange	Camp Venture	Interact	Camp Royal	Total
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 230,002	\$ 50	\$ 93,146	\$ 15,132	\$ 42,139	\$ 41,577	\$ 422,046
Prepays	19,696						19,696
Total Other Current Assets	19,750	-	-	-	-	-	19,750
Total Current Assets	249,698	50	93,146	15,132	42,139	41,577	441,742
TOTAL ASSETS	\$ 249,698	\$ 50	\$ 93,146	\$ 15,132	\$ 42,139	\$ 41,577	\$ 441,742
LIABILITIES & NET ASSETS							
Current Liabilities							
Accounts payable and accrued expenses	\$ 24,299	\$ 50	\$	\$ 6,542	\$ 7,819	\$	\$ 38,711
Total Current Liabilities	24,299	50		6,542	7,819		38,711
Net Assets							
Unrestricted	211,037						211,037
Available for operations			93,146	15,132	42,139	41,577	191,994
Board designated							
Total Unrestricted	211,037		93,146	15,132	42,139	41,577	403,031
Total Net Assets	211,037		93,146	15,132	42,139	41,577	403,031
TOTAL LIABILITIES & NET ASSETS	\$ 235,336	\$ 50	\$ 93,146	\$ 21,675	\$ 49,958	\$ 41,577	\$ 441,742

Rotary International District 5160

Statement of Activities by Fund

As of June 30, 2018

	Operations	Block Grant	Youth Exchange	Camp Venture	Interact	Camp Royal	Total
Support and Revenue							
Rotary club dues	\$ 172,484					\$	172,484
District event income	81,055						81,055
Rotary International reimbursement	19,312						19,312
Rotary International Grant		169,877					169,877
Other Income	10,206						10,206
Youth service income	2,900		34,046	24,800	24,704	123,510	209,960
Total Support and Revenue	\$ 285,958	\$ 169,877	\$ 34,046	\$ 24,800	\$ 24,704	\$ 123,510	\$ 662,895
Expenses							
Program Services							
Youth		\$	42,069	24,091	18,684	116,424	201,269
Grants		169,877					169,877
District events	112,033						112,033
Training	77,867						77,867
Governor Club Visits / Training	23,464						23,464
Total Program Expenses	213,364	169,877	42,069	24,091	18,684	116,424	584,510
Administration and management	73,876						73,876
Total Expenses	287,239	169,877	42,069	24,091	18,684	116,424	658,386
Increase in Net Assets	(1,282)	-	(8,023)	709	6,020	7,086	4,509
Net Assets at Beginning of Year	225,507		101,170	7,881	29,903	34,491	398,952
Prior Period Adjustments	(430)						(430)
Adjustment to balance funds	(12,759)			6,542	6,216		
Net Assets at Beginning of Year, as Restated	212,318	-	101,170	14,423	36,119	34,491	398,522
Net Assets at End of Year	\$ 211,037	\$ -	\$ 93,146	\$ 15,132	\$ 42,139	\$ 41,577	\$ 403,031