

Rotary International District 5160

Financial Statements

For the Year Ended

June 30, 2023



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Letter to the Committee

November 20, 2023

Dear Finance Committee of Rotary International District 5160:

The District Audit Task Force presents the annual statements and reports for the fiscal year ending June 30, 2023. The attached reports include the following:

- Statement of Financial Position
- Statement of Activities
- Statement of Functional Expenses
- Statement of Cash Flows
- Notes to Financial Statements

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. Review of accounting procedures and internal controls to determine compliance.

The Audit Task Force members are:

- Rotary members, Bradley Ward

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.

Rotary International District 5160
Statement of Financial Position
As of June 30,2023

	Total	
	2023	2022
ASSETS		
Current Assets		
Cash in bank	\$ 440,022	\$ 551,625
Accounts Receivable	2,659	7,250
Prepaid	32,995	29,835
Total Current Assets	475,676	588,710
TOTAL ASSETS	\$ 475,676	\$ 588,710
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 11,221	\$ 21,153
Other Current Liabilities	12,470	58,404
Total Current Liabilities	23,691	79,557
Total Liabilities	23,691	79,557
NET ASSETS		
Without Donor Restrictions		
Undesignated	378,772	267,962
Board designated	130,380	190,143
Net Income	(57,167)	51,049
Total net assets	451,985	509,153
TOTAL LIABILITIES AND NET ASSETS	475,676	588,710

Rotary International District 5160

Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<hr/>			
Support and Revenue			
Rotary Foundation Community Service Grant	\$	180,448	180,448
District dues	149,084.00		149,084
Youth Service Income	116,537.30		
District events	77,430		77,430
Rotary International	19,808		19,808
Miscellaneous Income	6,059		6,059
Net Assets released from restrictions			
Satisfaction of program restrictions		(180,448)	(180,448)
Total Income	<u>368,919</u>		252,381
Total Support and Revenue	368,919		368,919
Expenses			
Program Services			
Club Service	67,941		67,941
Community Service	125,049		125,049
Youth Service	176,569		176,569
Governor Club Visits & training	22,815		22,815
Management & General	<u>33,712</u>		<u>33,712</u>
Total expenses	<u>426,086</u>		<u>426,086</u>
Change in net assets	<u>(57,168)</u>		<u>(57,168)</u>
Net assets at beginning of year	<u>509,153</u>		<u>509,153</u>
Net assets at end of year	<u>\$ 451,985</u>		<u>451,985</u>

Rotary International District 5160

Statement of Functional Expenses For the Year Ended June 30, 2023

Expenses	Program Services				Supporting Services		
	Club Service	Community Service	Youth Service	Governor	Total	Management & General	Total
				Club Visits & Training	Program Service		
Auto & travel	33,624			18,345	51,968		51,968
Awards & gifts	10,812				10,812		10,812
Badges & Rotary merchandise	1,400				1,400	3,649	5,049
Bank & merchant fees						1,638	1,638
Camp Royal			106,425		106,425		106,425
Camp Venture			21,716		21,716		21,716
Fellowship & social events	22,105	125,049			147,154		147,154
Interact			3,134		3,134		3,134
Office supplies				206	206	10,266	10,472
Professional fees						4,454	4,454
Rent						2,616	2,616
Tax & licenses						100	100
Training events				4,264	4,264		4,264
IT Expenditures						10,988	10,988
Youth Exchange			45,294		45,294		45,294
TOTAL	67,941	125,049	176,569	22,814	392,373	33,712	426,086

Rotary International District 5160
Statement of Cash Flows
July 2022 - June 2023

	Total
OPERATING ACTIVITIES	
Net Income	\$ (57,167)
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Receivable	4,591
Prepaid	(3,161)
Accounts Payable	(9,932)
Deferred Dist & Inst. Dinner Income	(37,934)
Payable for RI Convention	(8,000)
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	(54,436)
Net cash provided by operating activities	(111,603)
FINANCING ACTIVITIES	
Designated Reserves	(59,762)
Unrestricted Reserves	59,762
Net cash provided by financing activities	—
Net cash increase for period	(111,603)
Cash at beginning of period	551,625
Cash at end of period	\$ 440,022

Rotary International District 5160 Notes to Financial Statements for the Year Ended June 30, 2023

NOTE 1. NATURE OF OPERATIONS

Rotary International District 5160 (the "District") is a nonprofit public benefit corporation formed in 1915 and is an administrative district of Rotary International. As a volunteer organization, the District provides support to 73-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 reimbursements and grants 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 which reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains and losses 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:

Net Assets Without Donor Restrictions -Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and specific programs.

- **Net Assets with Donor Restrictions** -Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2023, the District did not have any net assets with donor restrictions.

Cash and Cash Equivalents

The District considers all cash on deposit with financial institutions and all highly liquid investments with an original maturity of twelve 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, 2023.

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

Accounts receivable is comprised of amounts due from members for District's events. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes all accounts receivable were fully collectable; therefore, no allowance for doubtful accounts receivable was recorded as of June 30, 2023.

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, 2023.

Prepaid Expenditures

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Revenue

Event fees received in advance are deferred to the applicable period in which the related events are performed.

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, 2023. 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

Contributed services are recognized as contributions if services (a) create or enhance non-financial assets, or (b) requires specialized skills, are performed by people with those skills, and would otherwise be purchased by the District.

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.

NOTE 3 BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions that are designated by the District Governor for specific purposes are as follows:

	<u>June 30, 2023</u>
Youth Exchange	\$ 65,757
Camp Venture	14,739
Interact	34,719
Camp Royal	<u>15,165</u>
Total	<u>\$130,380</u>

NOTE 4 CONCENTRATIONS

The District's primary source of operations (non-grant) income consists of contributions from club members, attendance at District events for club members and youth programs which represents over 93% of the District's non-grant revenue for the year ended June 30, 2023.

The District's market is concentrated in the central portion of Northern California.

NOTE 5 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial assets at year-end:	
Cash	\$ 440,022
Other Current Assets	<u>35,654</u>
Total financial assets	<u>475,676</u>

Less amounts not available to be used within one
year: Board designated (130,380)

Financial assets available to meet cash needs for:
General expenditures within one year \$345,296

The District Governor has designated a portion of its unrestricted resources for the youth programs. Because of the District Governor's designation, those assets are not available for general expenditures within the next year; however, the District Governor could make them available, if necessary.

As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.