

**ROTARY INTERNATIONAL  
DISTRICT 7670**

ACCOUNTANT'S REVIEW REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

CORLISS & SOLOMON, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

# Rotary International District 7670

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**CORLISS & SOLOMON, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

242 Charlotte Street  
Suite 1  
Asheville, NC 28801

Phone 828-236-0206  
Fax 828-236-0209  
www.candspllc.com

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the District Council  
Rotary International District 7670  
Asheville, North Carolina

We have reviewed the accompanying statement of financial position of Rotary International District 7670 as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The supplemental schedule is presented only for purposes of additional analysis. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made there to.

*Corliss & Solomon, PLLC*

Corliss & Solomon, PLLC  
September 30, 2011

## Rotary International District 7670

### Statement of Financial Position

As of June 30, 2011

#### Assets

##### Current Assets

Cash and Equivalents-Unrestricted (Note 2)	\$	44,943
Cash and Equivalents-Restricted/Agency (Note 3)		<u>58,870</u>
Total Cash and Equivalents		<u>103,813</u>
Accounts Receivable		<u>9,000</u>
Total Current Assets		<u>112,813</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>112,813</u></b>

#### Liabilities and Net Assets

##### Current Liabilities

Accounts Payable (Note 4)	\$	5,800
Agency Funds (Note 5)		<u>23,120</u>
Total Current Liabilities		<u>28,920</u>

##### Net Assets

Unrestricted		
Designated by District Council (Note 6)		<u>53,943</u>
Total Unrestricted		<u>53,943</u>
Temporarily Restricted (Note 7)		<u>29,950</u>
Total Net Assets		<u>83,893</u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>112,813</u></b>

*See accompanying notes and independent accountant's report.*

## Rotary International District 7670

### Statement of Activities

For the Year Ended June 30, 2011

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b><u>Member Support and Other Revenue</u></b>			
Member Club Dues	\$ 110,646	\$ -	\$ 110,646
Meeting Registration Fees			
District Conference	42,859	-	42,859
District Assembly	2,791	-	2,791
Foundation Seminar	1,780	-	1,780
Foundation Banquet	5,635	-	5,635
Mid-Year Assembly	2,210	-	2,210
Pre-PETS	840	-	840
Rotary Foundation	25,000	-	25,000
Honor Air Donations	-	128,000	128,000
Polio Campaign Raffle (Note 9)	79,162	-	79,162
RYLA Camp Program Income	-	20,972	20,972
Youth Exchange Trust, Net (Note 8)	-	6,117	6,117
Miscellaneous Income	19	38	57
Net Assets Released from Restriction	157,357	(157,357)	-
<b>Total Income</b>	<b>428,299</b>	<b>(2,230)</b>	<b>426,069</b>
 <b><u>Expenses</u></b>			
Membership	3,677	-	3,677
Rotary Foundation	91,806	-	91,806
Service Projects	161,193	-	161,193
Leadership Development	29,836	-	29,836
Rotary Training and Information	71,060	-	71,060
District Administration	29,916	-	29,916
<b>Total Expenses</b>	<b>387,488</b>	<b>-</b>	<b>387,488</b>
Change in Net Assets	40,811	(2,230)	38,581
Net Assets, Beginning of Year	13,132	32,180	45,312
<b>Net Assets, End of Year</b>	<b>\$ 53,943</b>	<b>\$ 29,950</b>	<b>\$ 83,893</b>

*See accompanying notes and independent accountant's report.*

## Rotary International District 7670

### Statement of Cash Flows

For the Year Ended June 30, 2011

#### **Cash Flows from Operating Activities**

Change in Net Assets	\$	38,581
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
(Increase) Decrease in Operating Assets		
Accounts Receivable		951
Prepaid Expenses		6,000
Increase (Decrease) in Operating Liabilities		
Accounts Payable		<u>(20,307)</u>
Net Cash Provided by Operating Activities		<u>25,225</u>
Net Change in Cash and Equivalents		25,225
Cash and Equivalents, Beginning of Year		<u>78,588</u>
<b>Cash and Equivalents, End of Year</b>	<b>\$</b>	<b><u><u>103,813</u></u></b>

*See accompanying notes and independent accountant's report.*

# Rotary International District 7670

## Notes to Financial Statements

Year Ended June 30, 2011

### **1. A. General Information**

#### *Description of the Organization*

Rotary International District 7670 (the District) is an administrative district of Rotary International. A volunteer organization, the District provides support to 55 member clubs in western North Carolina. 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 from member clubs.

#### *Tax-Exempt Status*

The District is a regional district of Rotary International, a 501(c)(4) organization, and it derives its tax-exempt status as a component of that organization.

### **B. Summary of Significant Accounting Policies**

#### *Basis of Accounting*

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Financial Statement Presentation*

U.S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally imposed restrictions.

#### *Cash and Cash Equivalents*

For purposes of reporting on the statement of cash flows, the organization considers highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

#### *Fair Value Measurements*

The District has implemented FASB ASC 820-10 (Formerly SFAS No. 157) "Fair Value Measurements." This standard establishes a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (U.S. GAAP), and it expands disclosures about fair value measurements. Fair Value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market." The District does not have any items that it carries at fair value on a recurring basis.

*Income Taxes/Uncertain Tax Positions*

The District is exempt from federal income taxes under 501(c)(4) of the Internal Revenue Code. Under the Code, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had less than \$1,000 of income from unrelated business activities in the year ended June 30, 2010, and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization's Forms 990 for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after being filed.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**2. Cash and Equivalents-Unrestricted**

Cash and equivalents, unrestricted by donor, but designated by the District Council, consisted of the following as of June 30, 2011:

Operating Account	\$ 32,123
District Governor 2011-12 Account	6,000
District Reserve Account	6,820
Total	<u>\$ 44,943</u>

**3. Cash and Equivalents-Restricted and Agency**

Cash restricted to programs, held as agency funds or otherwise committed for certain purposes was held in seven separate bank accounts as listed below as of June 30, 2011:

First Bank	
District Simplified Grant Account	\$ 5,800
Polio Challenge Account	120
Youth Exchange Checking	6,117
Kenya Water Project	23,000
Interact Reserve	5,434
Forest Commercial Bank	
Honor Air Fund	5,879
First Citizens Bank	
RYLA Camp Program Checking	12,520
Total Cash Restricted/Agency/Committed	<u>\$ 58,870</u>

**4. Accounts Payable**

As of June 30, 2011, the District's accounts payable included the following:

District Simplified Grants Payable	\$ 5,800
Total Accounts Payable	<u>\$ 5,800</u>

**5. Agency Funds**

As of June 30, 2011, the District held funds for the following Rotary International programs:

Kenya Water Project	\$ 23,000
Reserve for Rotary Foundation	120
Total Agency Funds	<u>\$ 23,120</u>

**6. Net Assets Designated by District Council**

Net Assets Designated by District Council were as shown below as of June 30, 2011. The Council has designated all unrestricted net assets until the balance reaches \$75,000.

For the 2011-12 District Governor	\$ 6,000
District Reserve Account	6,820
Prior Year Designated	312
Current Year Unrestricted Net Income	40,811
Total Net Assets Designated by District Council	<u>\$ 53,943</u>

**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes as of June 30, 2011:

Honor Air Fund	\$ 5,879
Interact Fund	5,434
Youth Exchange	6,117
RYLA Camp Program	12,520
Total Temporarily Restricted Net Assets	<u>\$ 29,950</u>

Honor Air – Contributions to this fund are used to honor World War II veterans by providing an all expenses paid flight to Washington, DC to enable these veterans to tour the World War II memorial and witness the changing of the guard at the Tomb of the Unknown Soldier in Arlington Cemetery.

Interact Fund – This fund is restricted to support of interact clubs in high schools. There were no disbursements from the fund during the year ended June 30, 2011.

Youth Exchange – The District handles certain administrative and programmatic aspects of the youth exchange program with Districts in other parts of the U.S. and internationally.

Rotary Youth Leadership Awards (RYLA) Camp Program – The District collects support from clubs in the district who are sponsoring children for the RYLA camp, pays camp expenses as needed and maintains the Camp bookkeeping.

#### **8. Youth Exchange Trust**

The District maintains a trust account for the Youth Exchange program. Income and expenses for the year were as follows:

Income	
Administrative Fees	\$ 20,410
Insurance Fees	3,206
Total Income	<u>23,616</u>
Expenses	
Administrative Fees	8,339
Insurance Fees	9,160
Total Expenses	<u>17,499</u>
Net Income	<u>\$ 6,117</u>

#### **9. Polio Plus Campaign Raffle**

During the year ended June 30, 2011, Rotary 7670 held a district-wide raffle to raise funds for the Rotary International program to eradicate polio worldwide. The raffle proceeds were \$79,162 and related expenses \$21,575, which included a \$20,000 cash prize. The District contributed the net proceeds of \$57,587 to Rotary International for this cause.

**SUPPLEMENTAL SCHEDULE**

## Rotary International District 7670

### Detailed Schedule of Expenses

For the Year Ended June 30, 2011

Membership	
Recruitment and Retention	\$ 777
Public Relations	2,900
Total Membership	<u>3,677</u>
Rotary International Foundation	
Paul Harris Society	514
Group Study Exchange	3,449
Scholars	666
Foundation Dinner	4,949
Foundation Seminar	1,853
Zone Foundation Seminar	1,213
Contribution to Rotary Foundation - From Polio Plus Raffle	57,587
Raffle Prize	20,000
Raffle Expenses	1,575
Total Rotary International Foundation	<u>91,806</u>
District Service Projects	
Honor Air Service Project	134,693
District Simplified Grants	25,000
Service Projects-Other	1,500
Total District Service Projects	<u>161,193</u>
Leadership Development	
Interact/Rotoract	105
Youth Exchange Program Expenses	6,708
Friendship Exchange	359
RYLA Program Expenses	22,664
Total Leadership Development	<u>29,836</u>
Rotary Training & Information	
District Conference	44,442
PETS	5,290
District Assembly	1,680
Mid-Year Assembly	1,760
Pre-PETS	506
GETS & Zone Institute	9,251
RI Convention	8,131
Total Rotary Training & Information	<u>71,060</u>

District Administration		
DG Themed Supplies	\$	5,297
Executive Secretary		7,000
District Recognition		1,331
District Treasurer		122
Financial Review		3,883
Insurance and Bond		359
Web Site and Database		3,898
Office Rent		1,200
Office Expense		5,638
Rotary Leadership Institute Fee		300
District Directories		37
World View Seminar		707
District Appointee		144
Total District Administration		<u>29,916</u>
<b>Total Expenses</b>	<b>\$</b>	<b><u><u>387,488</u></u></b>