

**ROTARY INTERNATIONAL  
DISTRICT 7670**

ACCOUNTANT'S REVIEW REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

CORLISS & SOLOMON, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

# Rotary International District 7670

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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, 2010, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Rotary International District 7670.

A review consists primarily of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 thereto.

*Corliss & Solomon, PLLC*

Corliss & Solomon, PLLC  
September 20, 2010

## Rotary International District 7670

### Statement of Financial Position

As of June 30, 2010

#### Assets

##### Current Assets

Cash and Equivalents-Operations (Note 2)	\$	12,990
Cash and Equivalents-Restricted/Agency (Note 3)		<u>65,598</u>
Total Cash and Equivalents		<u>78,588</u>
Accounts Receivable		9,951
Prepaid Expenses (Note 4)		<u>6,000</u>
Total Current Assets		<u>94,539</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>94,539</u></b>

#### Liabilities and Net Assets

##### Current Liabilities

Accounts Payable (Note 5)	\$	26,107
Agency Funds (Note 6)		<u>23,120</u>
Total Current Liabilities		<u>49,227</u>

##### Net Assets

Unrestricted		13,132
Temporarily Restricted (Note 7)		<u>32,180</u>
Total Net Assets		<u>45,312</u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>94,539</u></b>

*See accompanying notes and accountant's report.*

## Rotary International District 7670

### Statement of Activities

For the Year Ended June 30, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b><u>Member Support and Other Revenue</u></b>			
Member Club Dues	\$ 106,240	\$ -	\$ 106,240
Deficit Restoration Assessment	11,335	-	11,335
RI Allocation to DG	10,809	-	10,809
Meeting Registration Fees			
District Conference	71,502	-	71,502
District Assembly	3,635	-	3,635
Foundation Seminar	2,640	-	2,640
Foundation Banquet	8,707	-	8,707
Mid-Year Assembly	3,556	-	3,556
Rotary Foundation	-	25,000	25,000
Honor Air Donations (Note 6)	-	132,295	132,295
RYLA Program (Note 8)	-	6,973	6,973
Club Support for RYLA Camp Registrations	-	18,323	18,323
Polio Campaign Raffle, Net (Note 9)	104,135	-	104,135
Miscellaneous Income	2,515	-	2,515
Net Assets Released from Restriction	181,267	(181,267)	-
<b>Total Income</b>	<b>506,341</b>	<b>1,324</b>	<b>507,665</b>
<b><u>Expenses</u></b>			
Membership Committee	4,272	-	4,272
Foundation Committee	45,016	-	45,016
Leadership Development Committee	19,353	-	19,353
Honor Air Service Expenses	145,184	-	145,184
District Simplified Grants	25,000	-	25,000
Rotary Training and Information Committee	117,324	-	117,324
Polio Plus Challenge (Note 9)	81,686	-	81,686
District Administration	49,615	-	49,615
<b>Total Expenses</b>	<b>487,450</b>	<b>-</b>	<b>487,450</b>
Change in Net Assets	18,891	1,324	20,215
Net Assets, Beginning of Year	(5,759)	30,856	25,097
<b>Net Assets, End of Year</b>	<b>\$ 13,132</b>	<b>\$ 32,180</b>	<b>\$ 45,312</b>

*See accompanying notes and accountant's report.*

## Rotary International District 7670

### Statement of Cash Flows

For the Year Ended June 30, 2010

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

Change in Net Assets	\$	20,215
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
(Increase) Decrease in Operating Assets		
Accounts Receivable		(4,548)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		(6,917)
Agency Funds		<u>8,578</u>
Net Cash Provided by Operating Activities		<u>17,328</u>
Net Change in Cash and Equivalents		17,328
Cash and Equivalents, Beginning of Year		<u>61,260</u>
<b>Cash and Equivalents, End of Year</b>	<b>\$</b>	<b><u>78,588</u></b>

*See accompanying notes and accountant's report.*

# Rotary International District 7670

## Notes to Financial Statements

Year Ended June 30, 2010

### **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 2008, 2009 and 2010 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-Operations**

Cash available for operations consisted of the following as of June 30, 2010:

Operating Account (Bank of Asheville Checking)	\$ 12,990
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**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, 2010:

Bank of Asheville	
For District Simplified Grant Payments	\$ 11,000
Kenya Water Project	23,000
Polio Challenge Account	120
Interact Reserve	5,434
Forest Commercial Bank	
Honor Air Fund	12,534
First Citizens Bank	
Rotary Youth Leadership Checking	8,280
Rotary Youth Leadership CD	5,230
Total Cash Restricted/Agency/Committed	<u>\$ 65,598</u>

**4. Prepaid Expenses**

Prepaid expenses consisted of the following as of June 30, 2010:

Advance to 2010-11 District Governor Elect	<u>\$ 6,000</u>
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**5. Accounts Payable**

As of June 30, 2010, the District's accounts payable included the following:

District Simplified Grants Payable	\$	12,000
RYLA Payables		3,658
Other Accounts Payable		10,449
Total Accounts Payable	\$	<u>26,107</u>

**6. Agency Funds**

As of June 30, 2010, 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>

**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes as of June 30, 2010:

Honor Air Fund	\$	12,534
Interact Fund		5,434
RYLA Camper Registrations		14,212
Total Temporarily Restricted Net Assets	\$	<u>32,180</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. Contributions to the fund and disbursements for travel costs during the year were \$132,295 and \$145,184, respectively.

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, 2010.

**8. Rotary Youth Leadership Awards (RYLA) Camp Program**

As of the beginning of the 2009-10 year, the District assumed certain responsibilities for the RYLA Camp program. The District began collecting support from clubs in the district who are sponsoring children for the RYLA camp, paying camp expenses as needed and maintaining the Camp bookkeeping. When the District assumed this function at the beginning of the year, it received the assets and liabilities of the Camp, which included cash of \$10,093, accounts payable of \$2,720 and prepaid tuition of \$400. Accordingly, \$6,973 is included in the District's income.

**9. Polio Plus Campaign Raffle**

During the year ended June 30, 2010, Rotary 7670 held a district-wide raffle to raise funds for the Rotary International program to eradicate polio worldwide. The raffle proceeds were \$104,135 and related expenses \$22,449, which included a \$21,000 raffle prize. The District contributed the net proceeds of \$81,686 to Rotary International for this cause.

## **SUPPLEMENTAL SCHEDULE**

## Rotary International District 7670

### Detailed Schedule of Expenses

For the Year Ended June 30, 2010

Membership Committee	
Recruitment and Retention	\$ 1,717
Public Relations	1,966
Awards	589
Total Membership	<u>4,272</u>
Foundation Committee	
Group Study Exchange	7,474
Scholars	1,665
Foundation Dinner	8,557
Foundation Seminar	2,781
Zone Foundation Seminar	2,090
Raffle Expenses	22,449
Total Rotary International Foundation	<u>45,016</u>
Contribution to Rotary Foundation Polio Plus	<u>81,686</u>
Leadership Development Committee	
Youth Exchange Program Expenses	6,169
District RYLA Contribution	2,100
RYLA Program Expenses	10,012
RYLA Administrative Expenses	1,072
Total Leadership Development	<u>19,353</u>
Honor Air Service Project	<u>145,184</u>
District Simplified Grants	<u>25,000</u>
Rotary Training & Information Committee	
District Conference	93,429
PETS	4,609
District Assembly	2,321
Mid-Year Assembly	1,617
GETS & Zone Institute	10,348
RI Convention-DG	5,000
Total Rotary Training & Information	<u>117,324</u>
District Administration	
DG Themed Supplies	6,440
DG Travel	15,000

(Continued on next page)

See accountant's report.

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Executive Secretary	\$	6,500
District Treasurer		1,197
Financial Review		3,520
IPDG - Nominating Committee		40
Insurance and Bond		326
Web Site and Database		4,417
Office Rent		4,800
Office Expense		3,780
Zone Institute Fee		550
Rotary Leadership Institute Fee		300
District Directories		1,617
Contingencies		1,128
Total District Administration		<u>49,615</u>
<b>Total Expenses</b>	<b>\$</b>	<b><u>487,450</u></b>

See accountant's report.