

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
with  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statement of Functional Expense For the year ended June 30, 2019	4
Consolidated Statement of Functional Expenses For the year ended June 30, 2018	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-11

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Finance Committee of  
Rotary International District 6900 and Affiliate

We have reviewed the accompanying financial statements of Rotary International District 6900, Inc. and Affiliate (a non-profit organization) which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

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

*Reed, Quinn & McClure, LLC*

Lawrenceville, Georgia  
October 28, 2019

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 491,246	\$ 496,245
Prepaid expenses	<u>6,014</u>	<u>8,360</u>
Total assets	<u>\$ 497,260</u>	<u>\$ 504,605</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ <u>78,420</u>	\$ <u>74,562</u>
Total current liabilities	<u>78,420</u>	<u>74,562</u>
<b>NET ASSETS</b>		
Net assets without restrictions	417,840	429,043
Net assets with restrictions	<u>1,000</u>	<u>1,000</u>
Total net assets	<u>418,840</u>	<u>430,043</u>
Total liabilities and net assets	<u>\$ 497,260</u>	<u>\$ 504,605</u>

See Accompanying Notes and Independent Accountants' Review Report.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

	2019			2018		
	Without Restrictions	With Restrictions	TOTAL	Without Restrictions	With Restrictions	TOTAL
REVENUE AND SUPPORT						
Membership dues	\$ 232,337	\$ -	\$ 232,337	\$ 233,914	\$ -	\$ 233,914
Rotary International Grants	196,528	-	196,528	197,778	-	197,778
	<u>428,865</u>	<u>-</u>	<u>428,865</u>	<u>431,692</u>	<u>-</u>	<u>431,692</u>
Contributions	26,535	-	26,535	13,478	1,000	14,478
District conference	147,020	-	147,020	134,885	-	134,885
Training seminars	8,158	-	8,158	15,365	-	15,365
Events	6,035	-	6,035	15,205	-	15,205
Governor's allowance	19,654	-	19,654	27,793	-	27,793
Other	13,194	-	13,194	69	-	69
Total revenue and support	<u>649,461</u>	<u>-</u>	<u>649,461</u>	<u>638,487</u>	<u>1,000</u>	<u>639,487</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES						
Program expenses						
District Conference	231,048	-	231,048	194,083	-	194,083
Events and training	113,321	-	113,321	141,955	-	141,955
Membership activities	270,491	-	270,491	246,411	-	246,411
Total program expense	<u>614,860</u>	<u>-</u>	<u>614,860</u>	<u>582,449</u>	<u>-</u>	<u>582,449</u>
General and administrative	45,804	-	45,804	49,188	-	49,188
Total expenses	<u>660,664</u>	<u>-</u>	<u>660,664</u>	<u>631,637</u>	<u>-</u>	<u>631,637</u>
CHANGE IN NET ASSETS - Increase (decrease)	(11,203)	-	(11,203)	6,850	1,000	7,850
Net assets - beginning of year	<u>429,043</u>	<u>1,000</u>	<u>430,043</u>	<u>422,193</u>	<u>-</u>	<u>422,193</u>
Net assets - end of year	<u>\$ 417,840</u>	<u>\$ 1,000</u>	<u>\$ 418,840</u>	<u>\$ 429,043</u>	<u>\$ 1,000</u>	<u>\$ 430,043</u>

See Accompanying Notes and Independent Accountants' Review Report.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DISTRICT CONFERENCE</u>	<u>EVENTS AND TRAINING</u>	<u>MEMBERSHIP</u>	<u>TOTAL PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL EXPENSE</u>
Labor	\$ 3,225	\$ 3,225	\$ 3,225	\$ 9,675	\$ 3,225	\$ 12,900
Allowance	8,980	8,980	8,980	26,940	8,980	35,920
Accounting and audit fees	-	-	-	-	6,381	6,381
Awards	-	-	12,106	12,106	-	12,106
Bank fees	-	-	-	-	834	834
Celebration	-	1,050	-	1,050	-	1,050
Charitable expenditures	-	-	5,000	5,000	-	5,000
Committee	-	-	3,438	3,438	-	3,438
Convention center	159,719	-	-	159,719	-	159,719
Credit card fees	-	-	-	-	6,395	6,395
Disaster relief	-	-	16,990	16,990	-	16,990
District Assembly	-	-	15,261	15,261	-	15,261
District conference	2,796	-	-	2,796	-	2,796
District directory	-	-	-	-	2,560	2,560
District Governor expense	7,020	-	-	7,020	-	7,020
District leadership	-	-	8,733	8,733	-	8,733
Event expense	-	21,092	-	21,092	-	21,092
Grants	-	-	188,646	188,646	275	188,921
GRSC Conclave	-	3,168	-	3,168	-	3,168
GRSP Assessments	-	26,596	-	26,596	-	26,596
Interact/Rotaract	-	1,517	-	1,517	-	1,517
International conference	-	14,526	-	14,526	-	14,526
Membership events	-	1,211	-	1,211	-	1,211
Miscellaneous	-	-	-	-	500	500
PETS	-	13,325	-	13,325	-	13,325
Pins, Shirts, Banner	-	-	7,362	7,362	-	7,362
Planning	3,151	-	-	3,151	-	3,151
Production	25,831	-	-	25,831	-	25,831
Public image	-	-	-	-	9,734	9,734
RLI	-	-	750	750	-	750
Speakers	8,562	-	-	8,562	-	8,562
Supplies	11,764	-	-	11,764	1,953	13,717
Website	-	-	-	-	4,967	4,967
Youth Exchange	-	5,000	-	5,000	-	5,000
Zone Institute	-	13,631	-	13,631	-	13,631
	<u>\$ 231,048</u>	<u>\$ 113,321</u>	<u>\$ 270,491</u>	<u>\$ 614,860</u>	<u>\$ 45,804</u>	<u>\$ 660,664</u>

See Accompanying Notes and Independent Accountants' Review Report.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>DISTRICT CONFERENCE</u>	<u>EVENTS AND TRAINING</u>	<u>MEMBERSHIP</u>	<u>TOTAL PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL EXPENSE</u>
Labor	\$ 890	\$ 890	\$ 890	\$ 2,670	\$ 890	\$ 3,560
Allowance	5,660	5,659	5,659	16,978	5,659	22,637
Accounting and audit fees	-	-	-	-	12,357	12,357
Awards	-	-	12,026	12,026	-	12,026
Bank fees	-	-	-	-	630	630
Celebration	-	7,376	-	7,376	-	7,376
Charitable expenditures	-	-	18,500	18,500	-	18,500
Committee	-	-	690	690	-	690
Convention center	42,076	-	-	42,076	-	42,076
Credit card fees	-	-	-	-	4,690	4,690
Disaster relief	-	-	14,592	14,592	-	14,592
District Assembly	-	13,517	-	13,517	-	13,517
District conference	100	-	-	100	-	100
District Governor expense	8,208	-	-	8,208	-	8,208
District leadership	-	12,317	-	12,317	-	12,317
Event expense	-	3,645	-	3,645	-	3,645
Food and beverage	85,739	-	-	85,739	-	85,739
Grants	-	-	197,691	197,691	86	197,777
GRSC Conclave	-	5,000	-	5,000	-	5,000
GRSP Assessments	-	30,380	-	30,380	-	30,380
Hospitality	3,211	-	-	3,211	-	3,211
Interact/Rotaract	-	817	-	817	-	817
International conference	-	16,791	-	16,791	-	16,791
Membership events	-	4,016	-	4,016	-	4,016
Miscellaneous	480	591	-	1,071	(1,300)	(229)
PETS	-	19,240	-	19,240	-	19,240
Pins, Shirts, Banner	-	-	2,912	2,912	-	2,912
Planning	1,685	-	-	1,685	-	1,685
Production	30,746	-	-	30,746	-	30,746
RYLA	-	5,000	-	5,000	-	5,000
Service project	8,707	-	-	8,707	-	8,707
Speakers	2,277	-	-	2,277	1,271	3,548
Supplies	10,854	-	-	10,854	-	10,854
Website	-	-	-	-	5,255	5,255
Youth Exchange	-	10,850	-	10,850	-	10,850
Zone Institute	-	12,415	-	12,415	-	12,415
	<u>\$ 200,633</u>	<u>\$ 148,504</u>	<u>\$ 252,960</u>	<u>\$ 602,097</u>	<u>\$ 29,538</u>	<u>\$ 631,635</u>

See Accompanying Notes and Independent Accountants' Review Report.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018  
Increase(Decrease) in Cash

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (11,203)	\$ 7,850
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Prepaid expenses	2,346	(2,545)
Accounts payable	3,858	(36,263)
Deferred revenue	-	(14,964)
Net cash provided (used) by operating activities	<u>(4,999)</u>	<u>(45,922)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds for note receivable	<u>-</u>	<u>6,500</u>
Net increase (decrease) in cash	(4,999)	(39,422)
Cash - beginning of year	<u>496,245</u>	<u>535,667</u>
Cash - end of year	<u>\$ 491,246</u>	<u>\$ 496,245</u>

See Accompanying Notes and Independent Accountants' Review Report.



ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Rotary International District 6900 (the District) is a not-for-profit association of Rotary Clubs. Rotary International (RI) is a worldwide organization of business and professional leaders that provides humanitarian service, encourages high ethical standards in all vocations, and helps build goodwill and peace in the world. Approximately 1.2 million Rotarians belong to over 33,000 Rotary Clubs located in 170 countries and geographical areas. The District contains approximately 4,400 of those members in approximately 70 clubs, and covers a territory extending from north metro Atlanta southward through western Georgia to the Florida state line.

In March 2008, the Rotary District 6900 Charitable Fund, Inc. (Charitable Fund) was established to serve the interests of the District by promoting and benefiting the people of the world by acquiring, receiving and administering property exclusively for charitable purposes. The accompanying consolidated financial statements include the accounts of the District and Charitable Fund, which are under common control, and all intercompany transactions and balances have been eliminated.

The purpose of the District is to promote RI through the following program service activities.

District Conference – Hold an annual conference to which every Rotarian in the District and their family are invited. This conference promotes fellowship between clubs and members and allows for celebration and recognition of achievements throughout the year.

International Service – Provide for Group Study Exchange (adults) and participate in Georgia Rotary Student Program (youth), which allows individuals from the United States and abroad to share cultures to foster international understanding. Also included in this area is disaster relief outside of the United States.

Community Service – Perform community service projects that are coordinated at the District level (including domestic disaster relief) or use District Simplified Grand Funds from the RI Foundation.

Club Service – Coordinate inter-club activities that allow members of different clubs to network and find opportunities to work together.

Vocational Service – Help individuals achieve their potential in their workplace or school, and in their community while valuing and preserving honesty, fairness, and integrity.

Promotion of Rotary International Foundation – Hold events each year that educate Rotarians on the benefits of contributing to the RI Foundation.

Leadership Development – Develop members for club leadership positions. This is done primarily through grants to the multi-district President-Elect Training Seminar (PETS) and, also through an annual District Assembly.

The District is governed by the current District Governor, assistant governors, and a body of past District Governors (collectively, the Council of Governors) and carries out its work through various committees.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The District prepares its financial statements using the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America. To ensure observance of limitations and restrictions placed on the use of resources available to the District, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. Net assets and revenues, expenses, 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 as without restrictions and with restrictions.

Net assets without restrictions are resources that are restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the District and its purposes.

Net assets with restrictions are resources whose use by the District is limited by donor-imposed stipulations that either expire by the passage of time or by satisfaction of the purpose of the restriction.

*Use of Estimates in Financial Statements*

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

The District's financial instruments consist of cash, accounts receivable, other current assets, accounts payable and accrued liabilities. The recorded values of cash, accounts receivable, other current assets, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

*Contributions*

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction is met in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

*Donated Services and In-Kind Support*

The District may receive services, equipment, and material without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills are performed by people with those skills and would otherwise be purchased by the District. A substantial number of volunteers donate significant amounts of time to the District. The value of these contributed services has not been recorded in the financial statements as they do not meet the criteria for recognition.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the District considers all highly liquid investments with maturities of three (3) months or less to be cash equivalents.

*Income Taxes*

The District is a not-for-profit organization, which is exempt from federal income taxes pursuant to Section 501(c)(4) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. For the years ended June 30, 2019 and 2018, the District did not have any unrelated business income, and accordingly, no unrelated business income tax. The District's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which include the last three years filed. The District is not classified as a private foundation.

The Charitable Fund is exempt from the federal income taxes under IRS tax code Section 501(c)(3) of the Internal Revenue Code and contributions to the Charitable Fund are tax-deductible by contributors. For the years ended June 30, 2019 and 2018, the District did not have any unrelated business income, and accordingly, no unrelated business income tax. The District's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which include the last three filing years. The Charitable Fund is not classified as a private foundation.

*Subsequent Events*

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 28, 2019, the date the financial statements were available to be issued.

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist primarily of demand deposit accounts with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. June 30, 2019, and 2018, the District had demand deposits with financial institutions in excess of federally insured limits of \$141,395 and \$166,656, respectively.

**4. NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions are comprised of funds the District has received subject to donor-imposed restrictions for relief aid. At June 30, 2019 and 2018, net assets with restrictions totaled \$1,000.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**5. DISTRICT CONFERENCE**

For the years ended June 30, 2019 and 2018, the District held its annual conference at the Sandestin Golf and Beach Resort. The following table shows a breakdown of revenue and expenses incurred for the conferences at June 30:

	<u>2019</u>	<u>2018</u>
Revenue:		
Conference registration and other fees	\$ 147,020	\$ 134,885
Membership dues designated for conference	42,240	42,530
Total conference revenues	<u>189,260</u>	<u>177,415</u>
Expenses:		
Event production	25,831	30,746
Convention center expense	159,719	42,076
Food costs	-	85,739
Governors fees	7,020	8,208
Hospitality	-	3,211
Miscellaneous	17,711	13,118
Service project	-	8,707
Speaker	8,562	2,277
Total expense	<u>218,843</u>	<u>194,082</u>
Net surplus	<u>\$ (29,583)</u>	<u>\$ (16,667)</u>

**6. RECLASSIFICATION**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no effect on the change in net assets.

**7. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The District has an operating reserve equal to approximately 75% of the operating budget. This is a board-designated reserve with the objective of setting aside funds that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

ROTARY INTERNATIONAL DISTRICT 6900 AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**7. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued**

The following reflects the District's financial assets as of June 30:

	2019	2018
Cash and cash equivalents	\$ 491,246	\$ 496,245
Donor restrictions	(1,000)	(1,000)
Board designations for operating reserves	(490,246)	(473,726)
Financial assets available to meet cash needs for general expenditures within one year	\$ -	\$ 21,519