

Budget & Financial Guide for District 5950 Rotary/Rotaract Clubs

This guide is to help Rotary/Rotaract Clubs in the Budget planning process. District 5950 recognizes that each club has their own budget and financial policies and procedures. District 5950 created this document at the request of clubs as, a supplement, and to outline recommendations and best practices. Section X outline Rotary International Dues and District 5950 dues that are REQUIRED to be paid by local clubs to keep their Club Charter active and in good standing.
(This document was adapted from The Financial & Reporting Responsibilities of a Rotary Club created by Rotary International, 5490 District in Phoenix, Arizona)

1. Club Budgets

- Why: Every Rotary club needs a budget. Without a plan for raising and spending money, a club may end up with conflicting agendas, wasted resources and shortages of funds for some priority needs.
- When: The budget should be prepared and approved prior to the new Rotary fiscal year starting July 1. A club's goals should be reflected in its club budget. Otherwise, those goals may never be met.
- Who: The President-elect in partnership with his board and committee chairs should create the budget. Budgets should not be created alone. Past budgets and future visions need to be considered.
- Where: The budget should be stored in a location accessible to all members. Transparency and accessibility follow the Four Way Test.

2. Club Financial Reports

- For club's Board: Should be provided at every board meeting, with budget comparisons and analysis. Ideally would be monthly, but quarterly is acceptable.
- For the club's membership: Should be provided with an explanation and time for questions
- Independent annual review: Consider an annual review by a qualified person or committee — someone other than a current club officer.

3. Club Dues

- Each Club develops their own budget and dues using an analysis of expenses, goals, and future visions.
- District 5950 has created a budget template with example expenses that can be modified to meet a club's needs. Note this document has two tabs: The second one contains a breakdown of dues to help explain billing to members and keep track of historical data.

4. Annual District Dues

- How District budget is determined: The District Governor Elect (DGE) prepares a proposed budget in partnership with the District Leadership team. This is based upon the proposed budget, past budgets, and future visions. The proposed budget is presented and voted on at the annual meeting to a quorum of District 5950 Clubs. All Clubs Presidents receive a copy of the proposed budget at least 30 days prior to the Annual Meeting. Dues are determined to cover expenses.
- When due and payable: Clubs are invoiced bi-annually: July and January. Invoices are sent from Quickbooks to Club Presidents and Treasures via email.

- Clubs should review and update their President's and Treasurer's information in Club Runner prior to invoicing: December and June-
- Membership numbers: Membership numbers for invoices are pulled from the Rotary international website.
 - Invoices can not be changed due to inaccurate membership numbers once invoices have been sent. Clubs should update and review their membership information in Club Runner or my.rotary.org prior to invoicing in December and June.
- Payment: Payment of District 5950 dues must be done via check. Checks should be mailed to Rotary District 5950, PO Box 591, Wayzata, MN 55391
- Estimated District dues for 2023-2022

\$29.00 per member billed semi-annually	Based on membership July 1 and January 1
<u>\$5.00 per member billed semi-annually</u>	Training Fee
TOTAL: \$34.00 per member billed semi-annually (\$68 annually)	

5. Annual Rotary International Dues

- Most Current Information: [Membership dues | My Rotary](#)
- When due and payable: Clubs are invoiced bi-annually- July and January. Invoices are sent from Rotary International to Club Presidents and Treasures via email.
 - Clubs should review and update their President's and Treasurer's information in Club Runner prior to invoicing – December and June.
- Membership numbers: Membership numbers for invoices are pulled from the Rotary international website.
 - Update membership information within 30 days of any changes, or by 1 January or 1 July, whichever is sooner
- Payment: All club invoices are due and payable upon receipt, and the amount due is not adjustable. Rotary International emails a copy of the invoice to every club officer in January and July. To ensure that emails from Rotary are not rejected or filtered as spam, add ri.clubfinance@rotary.org to your approved email contacts.
 - Club presidents, treasurers, and secretaries can pay dues by:
 - Credit card online
 - Check or draft accompanied by the detached bottom portion of the invoice
 - Wire transfer
 - If you have questions about the club invoice or where to send your payment, please contact your [financial representative](#).
- Rotary International dues 2022-2023

\$0.99 per member billed annually	US Club Program – Directors & Officers insurance
\$4.95 per member billed annually	US Club Program – General Liability insurance
\$12.00 per member billed annually	Rotary magazine (digital or print)
\$1.00 per member billed annually	Council on Legislation (COL)
<u>\$71.00 per member billed annually</u>	Dues (\$35.50 X 2)
TOTAL: \$89.94 per member billed annually	

- Dues will increase to \$37.50 per half year in 2023-24
- Dues will increase to \$39.25 per half year in 2024-25
- Dues will increase to \$41.00 per half year in 2025-26

6. Liability Insurance for Clubs and Officers & Directors

[U.S. Rotary club and district liability insurance program | My Rotary](#)

- RI liability insurance for all Rotary clubs: The U.S. Rotary Club & District Liability Insurance Program ("Program") provides all U.S. Rotary and Rotaract clubs and districts with general liability and directors & officers/employment practices liability coverage. Information regarding the insurance program is sent via email to Club Executives prior to the July 1 fiscal year start.
- Insights to some coverage and changes:
 - **Communicable Diseases Exclusion**: The 2022-23 general liability policy likely will again contain a communicable diseases exclusion applicable to COVID-19.
 - **Liquor Liability Coverage**: The 2022-23 general liability policy likely will contain an endorsement that excludes coverage for "bodily injury or property damage caused by, in whole or in part, alcoholic beverages sold, served, or furnished while any liquor license is required and is not in effect." The current general liability policy provides liquor liability coverage and does not have restrictions such as this. In anticipation of this change, please verify whether a liquor license is required as part of your event and apply early if you determine one necessary.
 - **Insurance Marketplace Conditions**: The insurance marketplace has proven challenging. Insurance companies continue to raise their rates due to the increasingly frequent occurrence of catastrophic losses (severe storms, tornados, and wildfires) and the monetarily punitive amounts of damages being handed down by juries. We expect that this will affect insurance assessments and the Program. A premium credit will be issued due to the Program's favorable history as far as losses, and this will in part mitigate increases in premium.
- How to obtain a Certificate of Insurance: *To obtain a certificate of insurance, insurance policies and summaries, loss prevention strategies, and more, please visit the insurance broker's website, Gallagher Insurance Website. Gallagher Insurance Website can be accessed with a username and password that have been emailed to your club and district officers through annual insurance e-mailings or you can contact Rotary International Risk Management.*
- *If you have questions regarding coverage, please contact insurance broker, Gallagher: Email: rotary@ajg.com, Phone: 833-376-8279, Website: <https://rotary.ajg.com/>*

7. IRS GUIDELINES FOR U.S. ROTARY AND ROTARACT CLUBS

From Rotary International: <https://my-cms.rotary.org/en/document/rotary-clubs-and-irs-frequently-asked-questions> - March 2022 CDS

This information is not intended to give legal or tax advice. Please consult professional advisors or contact the IRS directly at www.irs.gov or 1-877-829-5500. For this document, "clubs" means Rotary and Rotaract clubs.

- Does my club need to file an annual return with the IRS?
 - Yes, all clubs must file annually to maintain their tax-exempt status, reporting all receipts and disbursements to the IRS by 15 November (if using the Rotary year). The version of IRS form 990 that a club files depends on the club's gross receipts. RI's group exemption does not include group filing; it just makes it easier for clubs to obtain tax exemption per the IRS.

Each club is then responsible for mandatory e-filing yearly with its own EIN, not RI's. The IRS will revoke any club that fails to file for three years in a row. [Please see Which Forms Do Exempt Organizations File?](#)

- *What is an Employer Identification Number (EIN)? Does my club need to apply for one?*
 - Yes. All clubs domiciled in the US and US territories (American Samoa, Guam, Northern Mariana Islands, Puerto Rico, US Virgin Islands) must apply for an EIN when they charter. An EIN is a nine-digit number used by the IRS to identify entities, like clubs. Include RI's Group Exemption Number (GEN) 0573 when applying to be tax exempt under RI's 501(c)(4) group exemption ruling. Applying for a bank account? Use your own EIN, not RI's. Apply with the IRS.
- *Do satellite clubs need an EIN?*
 - No, they don't have a charter, so they operate under their parent club's EIN.
- *What about sponsored Rotaract clubs?*
 - University-sponsored Rotaract clubs might use their school's 501(c)(3) status. The school keeps track of these funds for the club which also facilitates TRF donations.
- *What do the terms 501(c)(3) and 501(c)(4) mean?*
 - These are federal tax classifications. 501(c)(3) refers to charitable organizations; 501(c)(4) refers to social welfare organizations. Clubs are entitled to 501(c)(4) tax-exempt status under RI's group exemption. Usually, contributions to 501(c)(4) clubs aren't tax deductible, whereas contributions to 501(c)(3) clubs or club foundations could be.
- *What must my club do to be included under RI's 501(c)(4) group exemption ruling?*
 - Step 1: Apply for an EIN at www.irs.gov.
 - Step 2: Submit Form 8976 to notify the IRS your club will operate as a 501(c)(4), within 60 days of being established. Step 3: Send CDS a copy of the IRS notice confirming your EIN, with written confirmation your club wants to be included in RI's 501(c)(4) group exemption. RI will then add your club's EIN to its database.
- *Can my club/club foundation obtain 501(c)(3) tax-exempt status under The Rotary Foundation?*
 - No, TRF doesn't have a 501(c)(3) group ruling. Clubs seeking 501(c)(3) status must obtain their own IRS exemption. Additionally, your club/club foundation must have and use its own EIN to receive contributions; you cannot use TRF's EIN. If your club obtains 501(c)(3) status, you must send proof to CDS, so RI can exclude your EIN from our 501(c)(4) ruling. If your club is considering seeking 501(c)(3) status, you might consider TRF's Donor Advised Fund (DAF), which has similar benefits to a club foundation.
- *My club EIN was revoked, or my club has duplicate EINs. What do we do?*
 - Please work directly with the IRS, not Rotary, to be reinstated. Rotary doesn't add clubs back to its group exemption once they're revoked. The IRS will issue your own exemption as reinstated clubs aren't included back into a group ruling. This doesn't affect your club's good standing with RI. Check your club's status at Tax Exempt Organization Search and learn more at Revoked? Reinstated?.