

**ROTARY INTERNATIONAL
DISTRICT 7230, INC.**

Financial Statements
June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rotary International District 7230, Inc.

We have audited the accompanying financial statements of Rotary International District 7230, Inc. a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rotary International District 7230, Inc. as of June 30 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Rotary International District 7230, Inc. as of June 30, 2020 were audited by another accountant whose report dated September 9, 2020 expressed an unmodified opinion on those financial statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berard & Associates CPA's P.C.

Berard & Associates, CPA's P.C.
Suffern, New York 10901
October 20, 2021

ROTARY INTERNATIONAL DISTRICT 7230, INC.

Statements of Financial Position

June 30 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash- undesignated	\$ 72,157	\$ 57,023
Cash- designated	45,216	39,397
Accounts receivable	311	-
Deposits	-	8,500
Prepaid expenses	<u>1,120</u>	<u>1,120</u>
Total current assets	<u>118,804</u>	<u>106,040</u>
 Total assets	 <u><u>\$ 118,804</u></u>	 <u><u>\$ 106,040</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 5,395	\$ 13,340
District designated fund	<u>45,216</u>	<u>39,397</u>
 Total liabilities	 <u>50,611</u>	 <u>52,737</u>
 Pandemic relief disbursements		
Without donor restrictions	68,193	53,303
 With donor restrictions	 <u>-</u>	 <u>-</u>
 Total net assets	 <u>68,193</u>	 <u>53,303</u>
 Total liabilities and net assets	 <u><u>\$ 118,804</u></u>	 <u><u>\$ 106,040</u></u>

See notes to financial statements.

ROTARY INTERNATIONAL DISTRICT 7230, INC.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Membership	\$ 55,792	\$ -	\$ 55,792	\$ 70,916	\$ -	\$ 70,916
Charitable Contributions	-	11,797	11,797	-	-	-
Pandemic contributions	-	-	-	2,652	26,000	28,652
District conferences	2,400	-	2,400	5,715	-	5,715
PETS	900	-	900	1,250	-	1,250
Other revenue and support	105	-	105	1,737	-	1,737
District governor designated receipts	2,501	-	2,501	-	-	-
Net assets released from restrictions	11,797	(11,797)	-	26,000	(26,000)	-
Total operating revenues	73,495	-	73,495	108,270	-	108,270
EXPENSES						
Program services						
Pandemic relief disbursements	-	-	-	54,050	-	54,050
Club services	15,996	-	15,996	30,223	-	30,223
International services	-	-	-	1,000	-	1,000
General and administrative						
District administrative services	42,609	-	42,609	20,246	-	20,246
Fundraising	-	-	-	-	-	-
Total expenses	58,605	-	58,605	105,519	-	105,519
Change in net assets	14,890	-	14,890	2,751	-	2,751
Net assets, beginning	53,303	-	53,303	50,552	-	50,552
Net assets, ending	\$ 68,193	\$ -	\$ 68,193	\$ 53,303	\$ -	\$ 53,303

See notes to financial statements.

ROTARY INTERNATIONAL DISTRICT 7230, INC.Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>Expenses</u>	<u>Expenses</u>
Program Services		
Pandemic relief disbursements	\$ -	\$ 54,050
Club services		
Pandemic relief disbursement		
District conference	750	4,020
Zone institute	-	6,830
PETS	653	2,411
Awards and recognition	2,380	2,169
Leadership training	12,113	7,168
Youth services	100	7,284
Other	-	341
Total club services	<u>15,996</u>	<u>30,223</u>
International services		
Other	-	1,000
International services	<u>-</u>	<u>1,000</u>
Management and general		
District administrative services		
District administration	24,344	3,418
Website and technology	1,624	1,832
Discretionary fund expenses	5,799	4,261
Professional fees	8,250	8,250
Office and other expenses	2,592	2,485
Total district administrative services	<u>42,609</u>	<u>20,246</u>
Fundraising	<u>-</u>	<u>-</u>
 Total expenses	 <u>\$ 58,605</u>	 <u>\$ 51,469</u>

See notes to financial statements.

ROTARY INTERNATIONAL DISTRICT 7230, INC.Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,890	\$ 2,751
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities		
Accounts receivable	(311)	2,530
Desposits	8,500	(8,500)
Prepaid expenses	-	4,312
Accounts payable and accrued expenses	(7,945)	4,114
District designated liability	5,819	28,460
Cash provided (used) by operating activities	20,953	33,667
CASH FLOWS FROM INVESTING ACTIVITIES		
None	-	-
Cash provided (used) by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Cash provided (used) by financing activities	-	-
Increase (decrease) in cash, cash equivalents, and restricted cash	20,953	33,667
Cash, beginning of year	96,420	62,753
Cash, end of year	\$ 117,373	\$ 96,420
 Supplemental Information:		
Interest paid	\$ -	\$ -
 Non-cash transactions	\$ -	\$ -

See notes to financial statements.

ROTARY INTERNATIONAL DISTRICT 7230, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 - ORGANIZATION AND PURPOSE

Rotary International District 7230, Inc, (the "Organization") is a not-for-profit corporation formed under the laws of the State of New York on December 28, 2007, whose main purpose is to help individual Rotary clubs advance the goals of Rotary. The Organization works to promote club effectiveness within their region by trying to sustain and increase clubs' membership base, by helping clubs implement successful projects that address the needs of their communities by supporting the Rotary International and Rotary International Foundation (Rotary's umbrella organizations) through both program participation and financial contributions, and by developing club leaders capable of serving in Rotary beyond the club level.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and specific activities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-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, such as those that the donor stipulates that resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

It is the policy of the Organization to account for donor restricted funds, which are received and expended in the same year to be recorded with donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of less than twelve months or less to be cash equivalents. Cash equivalents are delineated between designated and undesignated funds.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

ROTARY INTERNATIONAL DISTRICT 7230, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by nature and by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (4), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash in bank accounts and money market accounts. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) on balances up to \$250,000 at each bank. There were no bank account balances in excess of the FDIC insured limits as of June 30, 2021 and 2020.

ROTARY INTERNATIONAL DISTRICT 7230, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 4 – PREPAID EXPENSES

Prepaid expenses were advance payments for web services during both fiscal years. Prepaid expenses arise from the District Governor authorizing expenditures in one fiscal year that requires expensing in the subsequent fiscal year.

NOTE 5 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. The Board designations could be drawn upon if the Board approves that action.

	2021	2020
Cash and cash equivalents	\$ 117,373	\$ 96,420
Accounts receivables	311	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 117,684</u>	<u>\$ 96,420</u>

The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 5 – SUBSEQUENT EVENTS

The organization is conducting operations at minimum levels until such time as it no longer operates under pandemic conditions.

Subsequent events were evaluated by management through October 20, 2021, which is the date the financial statements were available to be issued and determined that there were no such events requiring recognition or disclosure in the financial statements.