

March 16, 2024

RE: **Independent Review of the Annual Statement & Report of District Finances**
2022-23 Rotary Year (DG Nancy Carr)
Rotary District 7730 of Rotary International

To: THE DISTRICT 7730 DISTRICT LEADERSHIP AND ROTARY CLUBS

Pursuant to RI Bylaws Section 16.060.4 please accept the following as the independent review (herein "review") of the Annual Statement & Report of District Finances referenced above. We incorporate by reference the attached "District 7730 Budget Summary As of June 30, 2023" which is a "Budget to Actual Report" for the Rotary Fiscal Year Ending June 30, 2023 (FYE 6/30/2023), the budget year in which District Governor Nancy Carr was governor of District 7730 (herein referred to as the "Annual Report"). The Annual Report is an unaudited financial statement.

For many prior years, up to and including the current Rotary year, the District 7730 District Conference has adopted the "district audit committee" method of independent review to remain in effect until a different method is chosen by the District Conference. When so selected, the District Audit Committee is required under the RI Bylaws and subject to its provisions. The District Audit Committee is not a "Standing Committee" of the District as set forth in the District 7730 District Leadership Plan (DLP), and not subject to its provisions. The current Governor selects the Chair of the District Audit Committee, who is then empowered to select qualified committee members. The committee is properly selected and constituted. The committee's terms of reference are provided in the RI Bylaws.

The review was performed by the District Audit Committee comprised of three members, Committee Chair, Past District Governor (PDG) Bevin Wall, PDG Lee Dixon and PP Maher Saikali. All members are active Rotarians. Two members are PDGs. PDG Bevin Wall has audit experience as the Chair of the District 7730 District Audit Committee since 2015, past District Finance Chair and past District Rotary Foundation Chair. PDG Lee Dixon has audit experience as past District Rotary Foundation Chair. Both PDGs are familiar with Rotary district organization, accounting and methods. PP Maher Saikali is a current Club Treasurer and Club Board Member with significant Rotary club experience. All three members have significant business and professional experience with budgets and financial operations. For the year of the review, none of the committee members were district governor, district treasurer, signatories on any district bank accounts, or members of the district financial committee.

The review covered the details of all the sub-items (a) through (g) set forth in RI Bylaws Section 16.060.4 [2nd hierarchy], summarized as follows:

- The COVID-19 pandemic was in its third year and continued to cause significant disruption of the activities of our Rotary clubs and the District. Innovative Rotarians and clubs modified their means and methods and got many activities back to or near pre-COVID-19 levels. District income from in-person events like RYLA started to rebound.
- During the fiscal year in question, Rotary District 7730 was fully implemented into the DaCdb district financial module, a single integrated accounting platform. As a result, full

length reports covering the current Fiscal Year and multi-year reports are now available from one single platform, which aided this review.

- Rotary District 7730 primarily receives its operating funds from its levy of Rotarian district dues, event and training registrations, and the District Governor's allocation from Rotary International. Line Item 4625 Miscellaneous includes various credits and debits, with the most significant being a RI Membership Grant, receipts from a ball game, a transfer credit from the District Conference account and a transfer debit to the database income line item.
- Rotary District 7730 receives funds from The Rotary Foundation for the administration of District Grants, which it separately accounts for and audits through The Rotary Foundation's audit process. We have confirmed directly that District Grant Chair Steve Hellersperk and District Grant Treasurer Will Rogers CPA manage those funds, including a one-time per year disbursement and reconciliation. All other funds are held by The Rotary Foundation in the district's account as "District Designated Funds" ("DDF") and are not actually disbursed as cash to the district.
- The Rotary District 7730 Foundation (f/k/a The District Emergency Fund) is a separate entity, controlled by the District, with two bank accounts, both reconciled by the District Finance Chair. Reports are made annually to the District Conference relating to this fund. The fund receives funding annually and exclusively from the District 7730 budget and from interest accruing on prior years funds. The District Finance Chair requested that the scope of the district audit include The Rotary District 7730 Foundation accounts, and it is included in this year's report.
- The Governor received a financial allocation from Rotary International which was separately determined, accounted for and reviewed by RI Staff. For this Rotary year, the District Governor submitted their entire allocation to the District, where it was shown as a deposit and then expensed out in the regular district budgetary process. The District Governor did not maintain any of the allocated funds or other District funds under their control. The District Governor received their RI allocation and a supplemental financial allocation through various items of reimbursement within the District budget.
- All other financial transactions, both income and expenditures, attributable to District 7730 including its committees and events are included in the Annual Report.

Upon review, the District Audit Committees finds that all income and expense entries appear regular and used for the purpose for which they were allocated. Proper verifications and procedures exist to account for and monitor the use of district funds. Experienced and dedicated Rotarian volunteers manage the district funds in an exemplary manner.

Audit Findings:

- 1. All specific prior year audit finding deficiencies have been addressed by the District Finance Chair or District Treasurer, as applicable.**

2. It is recommended that the District Grant Chair provide a copy of their Grant Report to The Rotary Foundation annually to the District Treasurer, for their records.
3. If DaCdb provides an update or upgrade that allows financial proofs and advices to be saved as a part of the finance module, it is recommended that the District purchase and use it.
4. The recommendation to the District 7730 Directors/ Trustees to review the investment strategy for their funds in light of the rising short term interest rate environment was reviewed and those funds are now earning 3% annually instead of less than 1% annually. The funds are required to be conservatively managed by the Trustees as fiduciaries.

Other than these findings, no new recommendations are made for the 2022-23 Rotary Year.

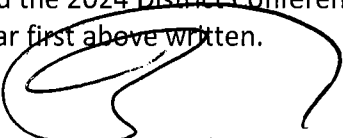
We thank (Past) District Governor Nancy Carr, District Finance Chair PDG Dave Baggett, District Treasurer Steve Paes, District Grants Chair Steve Hellersperk, District Grants Audit Committee Chair Will Rogers and District Executive Secretary Lin Kelly for their dedicated year of service and the exemplary manner in which the financial transactions of the district were managed.

No opinion is rendered as to the substance or purpose of any entry, or any budgeting or financial projections used. No opinion is rendered on whether generally accepted accounting principles were used. The Annual Report is an unaudited financial statement. This review is provided to comply with RI Bylaws Section 16.060.4 and for no other purpose.

None of the committee members are certified public accounts or financial professionals and no certification, representation or responsibility is taken, either implicitly or explicitly, for this review, above that of the qualifications of RI Bylaws Section 16.060.4 related to "district audit committees". This is not an "audit" as the same is used in the accounting field. This was a volunteer service performed by Rotarians on the committee. The use of the word "audit" in the name "district audit committee" is not meant to imply that any formal "audit" or "review", as the same is used in the accounting field, was performed or rendered.

PDG Bevin Wall discloses that he is an attorney at law in the State of North Carolina, but the review is performed outside the scope of law practice, and no representations are made for this review, above that of the qualifications of RI Bylaws Section 16.060.4 related to "district audit committees". This was a volunteer service performed by a Rotarian.

Respectfully submitted to District 7730 Governor Allen L. Quigley, Rotary Club President-Elects, and and the 2024 District Conference Business Session for action on behalf of the District on the day and year first above written.



DISTRICT 7730 AUDIT COMMITTEE
PDG Bevin Wall, Chair
PDG Lee Dixon
PP Maher Saikali

ADOPTED BY THE CLUBS AND DISTRICT.

District Governor Allen L. Quigley (2023-24)

Date: _____

District 7730
Budget Summary
As of June 30, 2023

| GL Account | Jul 1, 22 Jun 30,23 | Annual Budget | Variance |
|--|------------------------|------------------|----------|
| INCOME ACCOUNTS | | | |
| 4001-Club District Membership Dues | 88,398 | 95,580 | (7,182) |
| 4200-RYLA Income | 23,150 | 25,000 | (1,850) |
| 4210-Post-PETS (Jump Start) Income | 899 | 0 | 899 |
| District Conference | | | |
| Total District Conference | 0 | 0 | 0 |
| Other Income | | | |
| 4410-Membership Seminar | 840 | 0 | 840 |
| 4412-Foundation Seminar | 290 | 0 | 290 |
| 4414-Foundation Banquet | 12,000 | 5,000 | 7,000 |
| 4500-District Leadership Installation Registrations | 4,825 | 5,000 | (175) |
| 4510-RI-DG Allocation | 10,938 | 10,938 | 0 |
| 4520-DEI Trainers Funding | 1,100 | 0 | 1,100 |
| 4525-Dare to LEAD Training Funding | 3,483 | 0 | 3,483 |
| 4527-Baseball Game | 50 | 0 | 50 |
| 4625-Miscellaneous Income | 4,364 | 0 | 4,364 |
| Total Other Income | 37,890 | 20,938 | 16,952 |
| Total INCOME ACCOUNTS | 150,337 | 141,518 | 8,819 |
| EXPENSE ACCOUNTS | | | |
| Administrative | | | |
| 5020-District Administrator | 12,000 | 12,000 | 0 |
| 5030-District Database Expenses | 6,550 | 5,549 | (1,001) |
| 5040-Virtual Meeting Expense | 630 | 624 | (6) |
| 5050-Bank Charges | 125 | 150 | 25 |
| 5060-Credit Card Fees | 501 | 1,500 | 999 |
| 5070-Administrative Expenses - Other | 704 | 400 | (304) |
| 5100-Office Supplies | 293 | 0 | (293) |
| Total Administrative | 20,804 | 20,223 | (581) |
| Charitable Contributions | | | |

| | | | |
|--|---------------|---------------|-----------------|
| 5810-DEF Contribution | 3,712 | 3,712 | 0 |
| 5830-Waccawma Boys and Girls Home | 5,400 | 5,000 | (400) |
| Total Charitable Contributions | 9,112 | 8,712 | (400) |
| | | | |
| Committee Expenses | | | |
| 6010-General Committee Expenses | 500 | 100 | (400) |
| 6100-Club Extension/Membership Development | 0 | 1,000 | 1,000 |
| 6200-DEI Task Force | 3,975 | 2,000 | (1,975) |
| 6300-DLT/COG Meetings | 697 | 750 | 53 |
| 6651-4 Way Test Speech Committee | 0 | 1,500 | 1,500 |
| 6652-4 Way Test Esay Committee | 1,500 | 0 | (1,500) |
| 6750-RYLA Expenses | 24,653 | 25,000 | 347 |
| 6850-Youth Services (ESSEX) | 0 | 200 | 200 |
| 6900-Youth Exchange Committee | 0 | 600 | 600 |
| 6920-Essex Dist. Officer Training | 1,524 | 0 | (1,524) |
| 6925-CART Operation Donation | 0 | 200 | 200 |
| Total Committee Expenses | 32,848 | 31,350 | (1,498) |
| | | | |
| District Officers | | | |
| 7110-District Governor - From RI | 10,893 | 10,938 | 45 |
| 7115-DG District Payments | 1,890 | 0 | (1,890) |
| 7120-District Governor Theme Promotion | 2,249 | 3,500 | 1,251 |
| 7150-District Governor Elect - Stipend | 1,500 | 1,500 | 0 |
| 7175-District Governor Nominee - Stipend | 1,200 | 1,200 | 0 |
| 7225-Area Governor - Stipends | 3,000 | 3,600 | 600 |
| 7275-District Treasurer & Finance | 600 | 600 | 0 |
| Total District Officers | 21,332 | 21,338 | 6 |
| | | | |
| District Rep at RI Events | | | |
| 7410-DG-RI Meetings-International Convention | 0 | 3,500 | 3,500 |
| 7420-DGE-RI Meetings-International Convention | 3,075 | 3,200 | 125 |
| 7425-DGN-RI Meetings-International Convention | 3,200 | 3,200 | 0 |
| Total District Rep at RI Events | 6,275 | 9,900 | 3,625 |
| | | | |
| District Grants | | | |
| Total District Grants | 0 | 0 | 0 |
| | | | |
| RI Grants | | | |
| Total RI Grants | 0 | 0 | 0 |

District Training & Events

| | | | |
|--|---------------|---------------|-----------------|
| 7605-RLI Training | 1,183 | 2,000 | 818 |
| 7625-AG Training/PETS (DGE) | 5,500 | 5,500 | 0 |
| 7650-Club Leaders Training (DGE) | 0 | 1,000 | 1,000 |
| 7655-Dare to LEAD - Training | 5,395 | 0 | (5,395) |
| 7660-Foundation Seminar | 1,036 | 0 | (1,036) |
| 7665-Membership Seminar | 1,518 | 0 | (1,518) |
| 7675-PETS Training | 1,950 | 695 | (1,255) |
| 7679-Post PETS (Jump Start) Training | 819 | 0 | (819) |
| 7860-Membership/Foundation Seminar Combined | 0 | 2,000 | 2,000 |
| 7925-Foundation Dinner | 9,941 | 5,000 | (4,941) |
| 7930-District Leadership Installation | 4,828 | 5,000 | 173 |
| 7940-Misc. | 2,342 | 0 | (2,342) |
| 7950-RLI District Contribution - Dues | 300 | 300 | 0 |
| 7971-District Service Projects | 2,532 | 5,400 | 2,868 |
| Total District Training & Events | 37,344 | 26,895 | (10,449) |

District Conference

| | | | |
|----------------------------------|---------------|---------------|----------|
| 8010-District Contribution | 10,000 | 10,000 | 0 |
| Total District Conference | 10,000 | 10,000 | 0 |

Recognitions

| | | | |
|-------------------------------------|------------|--------------|------------|
| 9010-Benevolence Recognitions | 0 | 200 | 200 |
| 9020-District Awards | 544 | 600 | 56 |
| 9030-Past Governor Pin for DG (DGE) | 0 | 175 | 175 |
| 9040-Gift for DG/Spouse (DGE) | 0 | 175 | 175 |
| Total Recognitions | 544 | 1,150 | 606 |

RI Institute (Zone Institute)

| | | | |
|--|--------------|---------------|--------------|
| 9120-Institute-DG | 1,300 | 2,000 | 700 |
| 9130-Institute-DGE | 2,256 | 2,000 | (256) |
| 9140-Institute-DGN | 2,700 | 2,000 | (700) |
| 9150-Institute-Past Officers | 1,575 | 4,000 | 2,425 |
| 9180-Institute-Contribution-Dues | 450 | 450 | 0 |
| 9190-Institute-Emerging Leaders | 1,299 | 1,500 | 201 |
| Total RI Institute (Zone Institute) | 9,580 | 11,950 | 2,370 |

Zone 33 District Leadership Training

| | | | |
|---------------------|-----|---|--------|
| 9220-DGE | 571 | 0 | (571) |
| 9240-Dist DEI Chair | 454 | 0 | (454) |

| | | | |
|---|----------------|----------------|-----------------|
| 9260-Dist. Membership Chair | 1,250 | 0 | (1,250) |
| Total Zone 33 District Leadership Training | <u>2,275</u> | <u>0</u> | <u>(2,275)</u> |
| 9410-Zone 33/34 Voting | 600 | 0 | (600) |
| Miscellaneous Expenses | | | |
| 9510-Write Off Bad Debt | 135 | 0 | (135) |
| Total Miscellaneous Expenses | <u>135</u> | <u>0</u> | <u>(135)</u> |
| Total EXPENSE ACCOUNTS | <u>150,849</u> | <u>141,518</u> | <u>(9,331)</u> |
| NET INCOME [0] | <u>(512)</u> | <u>0</u> | <u>(512)</u> |