

# **Rotary District 5130**

## **Accounting Policies and Procedures**

**We are stewards of the funds provided by our District's Rotarians. These Accounting Policies and Procedures set out and define how we will account for and spend these funds wisely for the benefit of our District Rotarians.**

Our District By-laws, as amended, provide governance and the framework for these Accounting Policies and Procedures (APP). They establish the District's Budget and Finance Committee (and membership). The APP are to supplement and clarify the more detailed financial operations of the District.

Article VIII establishes the Budget and Finance Committee. Members include the Board of Directors and the District Treasurer. The Committee shall meet at least quarterly and monitor the District's finances and budgets in conjunction with the Board's regular quarterly Board meeting.

Article IX directs that the District finances will be in accordance with Article 15, Section 15.060 of the Bylaws of Rotary International. The other provisions of this Article will be integrated into the various parts of these APPs.

The District operates on a fiscal year starting July 1 and ending the following June 30.

### **DISTRICT TREASURER**

The DGE, in consultation with the DGN, and DGD (if selected) shall propose a District Treasurer for Board approval for a 3-year term. The qualified candidate must be a District 5130 Rotarian in good standing with a professional background as a Controller, Chief Financial Officer, and/or Certified Public Accountant or other comparable experience. The Board of Directors shall have the authority to extend the term or to terminate the District Treasurer at any time with or without cause.

The DGE, in consultation with the DGN and DGD (if selected), shall recommend to the Board a candidate for the position of District Treasurer for a period of 3 years. This nomination shall be due by the 2<sup>nd</sup> Board meeting of the current Treasurer's last year of service. When approved by the Board, the Treasurer Elect will serve as an assistant to the current District Treasurer and serve as a non-voting member of the Budget and Finance Committee. If an unexpected vacancy occurs, the DGE, DGN, and DG D (if selected) will immediately start the recruitment process so a new District Treasurer can be approved by the Board.

The District Treasurer shall serve as the District's Chief Financial Officer with oversight and management of all District books, records, and bank accounts and with administering these Accounting Policies and Procedures. The District Treasurer shall, with the direction and support of the District Budget and Finance Committee, maintain the General Ledger and provide timely and accurate financial statements to the Board on at least a quarterly basis. Any member of the Board of Directors may request additional information or explanations at any time and the District Treasurer shall provide such information.

The District Treasurer shall ensure that all appropriate tax returns (federal, state, and local) are filed on a timely basis. The District Treasurer shall engage outside professionals to assist in the preparation of these tax returns at the District's expense. These outside professionals shall also provide oversight of the

financial information of the District and shall report any material questions or issues directly to the Board of Directors.

## **AUDIT COMMITTEE**

The Bylaws of Rotary International require a District to either have the financial statements reviewed by an outside accountant or create an Audit Committee.

The District Board shall create an Audit Committee comprised of the following individuals chosen by the board:

- A Past District Governor
- A CPA with Audit Experience
- A Member-at-Large

The Audit Committee shall not be charged with performing an audit but with providing oversight into whether the District's transactions are properly recorded and documented and that these Accounting Policies and Procedures are being followed. Their report should be due and approved by the second quarterly meeting of the District Board of Directors.

## **BANK ACCOUNTS**

The Board of Directors shall authorize all District bank accounts. The Treasurer must be a signatory on each account and be individually empowered to close said account(s). The authorized signers may vary depending upon the nature of the account but there must always be a minimum of three authorized signers with two signatures required on all checks; except the Youth Exchange and Western Safari bank accounts, which require one signature on all checks<sup>1</sup>. The District Treasurer shall be the "authorized administrator" on all District bank accounts.

The first bank account(s) shall be the District's Operating Account(s). All funds from dues, RI subsidy, District Conference, District Training Assembly, Foundation dinners, training events, and any other District activities must be deposited into this account and all related expenses shall be paid from this account.

The second bank account(s) is for District Reserves. This shall be an interest-bearing account(s).

The third bank account(s) shall be for programs such as Youth Exchange, RYLA, and YE Western Safari.

Lastly, a bank account specifically for Rotary Foundation funds administered by the District—District Block Grant funds. The use of these funds is governed by the Terms and Conditions of the Rotary Foundation.

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<sup>1</sup> The Youth Exchange and Western Safari accounts regularly process time sensitive checks for their programs. Due to the nature of these accounts, the Board of Directors have agreed to allow one signature for the checks, instead of two signatures. This procedure increases the risk of these bank accounts. The Board of Directors believes the risk is reduced to an acceptable level due to the oversight of the District Treasurer via the on-line banking website.

These bank accounts must be in federally regulated and insured banks. They do not need to be in the same bank and should be in different banks to represent the relationships Rotarians have with various financial institutions.

No debit cards shall be authorized on any District bank account except the Rotary Youth Exchange—Western Safari bank account. Western Safari may have a debit card for the exclusive use by the Trip Manager to pay budgeted expenses of the trip. The card will be in the custody of the Trip Manager at all times and its usage will be monitored by the Rotary Youth Exchange Treasurer and the District Treasurer via the on-line banking website. Monitoring shall be daily during the trip. Any usage other than for budgeted trip expenses will result in the card being canceled.

The District Treasurer, at the District Governor's direction, shall authorize a District credit card for use by the District Governor only during the District Governor year. The District Treasurer may also have a District Credit Card to use strictly for District business.

## **BUDGET**

A proposed Consolidated District Budget of estimated operating income and expenses for the next fiscal year shall be presented to all clubs at least four weeks prior to Presidents-Elect Training Seminar (PETS) or in the District Training Assembly. The District Governor Elect shall present the proposed district budget to a meeting of the club presidents-elect at PETS or the district assembly for approval of three quarters (3/4) of those incoming presidents present and voting.

Any further adjustments and amendments to the budget shall be handled as follows:

1. The DG can move amounts within components as long as it is within the amount of the components approved budget and shall report the same to the Board at the next meeting.
2. The DG can, with approval of the Board, exceed the original approved budget up to 10%. This includes moving amounts across components.
3. To revise the budget beyond 10% of the original approved total budget, the matter must be presented to the Club Presidents for their approval. The vote must pass with a three quarters majority (3/4) of those voting, which shall be comprised of at least a quorum (more than 50%) of the total clubs in the District.

The budgets for the next Rotary year of any District programs such as RYLA, Youth Exchange, and Western Safari shall be approved at the May Board meeting prior to the beginning of the fiscal year. If any budget is not approved, the program cannot accept fees/revenues or pay expenses until a budget is approved

District budget amounts shall be entered in to the District books so budget to actual reports can be reviewed by the Budget and Finance Committee at least quarterly.

## **DISTRICT RESERVES**

The District Reserve funds shall be administered by the Budget and Finance Committee. No individual, except the District Governor and/or the District Treasurer shall be responsible for receiving, recording, and depositing District Reserve Funds. No individual, except the District Governor and/or the District Treasurer, shall be permitted to request, verify, and record expenditures.

The District Treasurer shall establish interest-bearing reserve bank accounts collectively known as the District Reserve Funds as approved by the District Budget and Finance Committee. The total reserve amount shall not be less than one-half (1/2) of the current annual approved operating budget.

A request for use of reserve funds by the District Governor shall be reviewed and approved by the Budget and Finance Committee. The purpose of the District Reserve Fund is to provide funds for emergency expenditures and to provide funds for exceptional expenses.

The District Reserve Fund shall include three sections with the following criteria:

1. Emergency Fund-This part of the District Reserve Funds shall be for unforeseen, unusual, irregular, necessary expenses of the District. It includes the following specific occurrences: A- Natural disasters that cancel or impact District events which have incurred financial obligations, B- Non-insurance covered litigations, C-Public relations emergencies, D- Disastrous results of a District endeavor, E-Other unexpected emergency expenses as designated by the Budget and Finance Committee. The emergency fund shall be not less than fifty percent (50%) of the previous year's operating income from per capita dues and Rotary International subsidy.
2. The Loan Fund-This fund will be used to advance funds to the Operating Account as needed to fund expenses of the District Governor Elect and District Governor Nominee. These loans shall be repaid during the District Governor year.
3. The General Fund-This fund consists of the remaining District Reserve Funds after setting aside the maximum amount stipulated by the emergency fund and the amount maintained in the loan fund. This fund shall be available for capital expenses, special events or projects, dues reduction or prevention of dues increases as designated by the Budget and Finance Committee in consultation with the Presidents of the Clubs of the District at PETS, the District Training Assembly, using either U S mail or electronic mail.

If there is a positive income at the end of the fiscal year, the Board of Directors will discuss the amount within 3 months after the completion of the District's tax returns. They will consider if the total amount, or a portion of the amount, should be transferred to the District Reserve Fund. If the Board decides to transfer funds, the funds will be transferred into the Reserve Bank account within 30 days from the Board's approval. They may choose to not transfer the funds and keep the amount in the bank accounts if the District Reserved Fund balance is considered sufficient to cover the three fund sections, noted above.

## **REVENUES**

The District operating revenues come from several sources.

The payment of per capita dues is due July 1 of each year. The payment of these dues shall be made within thirty days of receipt of the invoice. The dues will be based on the membership numbers that the club reports to RI on or before June 30<sup>th</sup>. Clubs will also be required to report this number to the District Secretary on or before June 30<sup>th</sup>. Payments delinquent beyond August 31<sup>st</sup> will incur a 10% surcharge.

Other sources of operating revenues are RI subsidy funds, fees for training sessions, Foundation Dinner tickets, District Conference fees, District Training Assembly fees, and any other initiative or effort overseen by the District.

All funds must be promptly deposited in to the District Operating Account and will be credited to the proper revenue account.

## **BUSINESS DIVISIONS OF THE DISTRICT**

The overall finances of the District consist of several distinct divisions or "classes". They are:

1. District Reserve funds
2. District Grant funds (Rotary Foundation Block Grant)
3. District Governor/District operations
4. District Governor Elect
5. District Governor Nominee
6. Programs (Youth Exchange, RYLA, Western Safari)

Each of these divisions shall be tracked in QuickBooks as classes and statements of revenue and expenses by business shall be provided to the Budget and Finance Committee as part of the quarterly financial reports.

## **CHART OF ACCOUNTS**

The District Treasurer shall oversee and administer the Chart of Accounts. All revenue and expenses shall be classified in to a “class” or division. Each District Governor shall be a class with a corresponding budget. District Reserves, District Grants, and Programs shall be separate classes.

The Statement of Revenue and Expenses shall also be broken down into components based upon function. They are:

1. District Administration
2. DG/DGE/DGN expenses
3. District training
4. District Committees
5. Events
6. Youth
7. Special Projects

## **DETAIL OF COMPONENTS**

District Administration—The expenses for the overall administration of the District such as Treasurer’s stipend, Secretary’s stipend, office supplies and postage, annual software licensing fees, computer services (DACdb, Citrix, etc.), web page maintenance, and bank/credit card fees not charged to events.

District Governor/District Governor Elect/District Governor Nominee---The expenses to attend Rotary International trainings (Zone Institute, GNATS, GETS), necessary jackets/pins/cards/gifts, District Conference, mileage and lodging during District Governor visits, and other specifically related expenses to the job of District Governor.

District Training—Revenue and expenses for the many training events held during the year such as the District Training Assembly, Foundation Seminars, Membership Seminars, Grants training, Pre-PETS, PETS, Assistant Governor Training, Visioning training, or any other training. Expenses include meeting room rentals, snacks, perhaps meals, handouts and materials, and travel for presenters.

District Committees—Expenses necessary to administer and conduct the business of the committees such as meeting rooms, snacks, office supplies, Rotary materials, and travel for key committee members to attend meetings.

Events--Revenue and expenses to produce events such as the Foundation Dinners (North and South) and the District Conference. Events shall be budgeted to be break even.

Youth—Expenses related to Rotaract, Interact, the District subsidy to Youth Exchange, and any other youth related special project or program

Special Projects---The revenue and expenses related to special projects initiated by the District Governor and included in the District Governor’s budget.

## **DISTRICT GOVERNOR/DISTRICT GOVERNOR ELECT/DISTRICT GOVERNOR NOMINEE BUDGETS**

While we no longer have the silos of each District Governor having a separate bank account, each District Governor does have a separate, multi-year budget. The amounts spent during the DGE and DGN years must be subtracted from the DG year budget. This is in effect borrowing to fund the DGE and DGN years from the dues revenue during the DG year. The maximum DG budget for the entire three-year period is the per-capita dues and Rotary International subsidy for the DG year. Each DG is a division or class and revenues and expenses will be tracked.

During the DG year, the budget will be a combination of District Governor expenses and District operations. The District Governor's expenses shall be for activities required to fulfill the required duties of District Governor.

During the DGN/DGE years, expenses shall be limited to Rotary International trainings, the International Convention, District Conference, and required jacket/pins/cards/gifts/theme banners/badges etc. Because Rotary International considers spouses/partners important, the costs of their attendance at these events is also allowed.

At the International Convention, the District Governor Nominee organizes the District 5130 Reception. The income and expenses are part of the overall District budget.

The District Governor Elect shall organize the Membership Seminars each year, but the income and expenses are part of the overall District budget. The District Training Assembly shall also be the responsibility of the DGE, and the income and expenses shall be part of the DGE budget.

## **PRESIDENT ELECT TRAINING SEMINAR (PETS)**

The District, as part of the Training budget, pays for registration and hotel for specific Rotarians to attend PETS. The District Rotarians are the District Governor, District Governor Elect, District Governor Nominee, Assistant Governors, and District Trainer.

In addition, the DGE may budget a separate amount to cover hosting a hospitality suite and other incidental expenses as part of the DGE budget.

## **REIMBURSEMENT POLICY**

The District acknowledges that Rotarians may experience out of pocket expenses while conducting District business or leading training sessions. Each committee and event may build in to their budget amounts to reimburse these expenses with the following rules:

Mileage will be allowed at the current IRS rate if the distance traveled is over 100 miles one way. Mileage may be documented by either using a map program such as MapQuest or by a log entry of beginning and ending mileage (with no extraneous mileage).

Airfare will be the economy rate and no seat upgrades, meals, or travel insurance.

Hotels are basic queen/king bed rooms. No room service, no pay per view, no laundry. Bell tips OK.

Meals shall be reimbursed at reasonable actual expense (no alcohol).

Parking, shuttles, ground transportation, etc. shall be the most economical method available.

Expenses shall be submitted to the District Treasurer on a District Expense Reimbursement Request form (available on the District website). Original receipts for all expenses must be attached to the form. The form will clearly note what expense accounts will be charged for the various expenses.

### **PASS-THROUGH FUNDS**

All funds deposited in to the District bank accounts are considered income to the District except:

1. Foundation Dinner Raffle Ticket proceeds that are then remitted to the Rotary Foundation in the name of the contributing Rotarian
2. Pinot for Polio proceeds received from Balletto Vineyards and then remitted to the Rotary Foundation in the name of the contributing Rotarian.

These funds will be considered a liability of the District and recorded in a Balance Sheet account titled "Due to Rotary Foundation".

### **FINANCIAL REPORTING TO CLUBS**

Per the Bylaws of Rotary International, a report of the finances of the District shall be made to the clubs within 3 months of the end of the fiscal year. This report shall include the budget to actual numbers of the budget approved by the Presidents and modified by the Board under the provisions of these Policies.

The Memorandum of Understanding the District signs each year with The Rotary Foundation requires the District to report to the member clubs the uses of all District Designated Funds (DDF) held by The Rotary Foundation. This includes detailed descriptions of DDF used for the District Block Grant projects and Global Grants. All other uses of DDF such as contributions to PolioPlus and the Rotary Peace Centers must be included. The report shall be provided at a District meeting to which all clubs are invited or eligible to attend such as the District Training Assembly or District Conference and include the information for the immediately preceding Rotary year. The District Foundation Chair, in conjunction with the District Grants Chair, shall prepare and present the report. The District Grants Chair shall prepare a detailed report of District Grant projects and Global Grants including the project name, participating clubs, description of the project, and financing details (club funds, DDF, World Fund, or other funds).

### **CERTIFICATION OF ACCOUNTING POLICIES & PROCEDURES**

This is to certify that I am the acting secretary of the above-named corporation; that the above Accounting Policies and Procedures have been adopted as the Accounting Policies and Procedures

of the corporation and that the foregoing is a full, true and correct copy of the Accounting Policies and Procedures of the Corporation with all amendments to the date of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
District Secretary