

ROTARY ZONES 33 & 34 INSTITUTE

**FINANCIAL STATEMENTS
(Reviewed)**

FOR THE YEAR ENDED JUNE 30, 2005

GOSPODAREK, C.P.A., P.A.
Certified Public Accountant

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Rotary Zones 33 & 34 Institute
Apex, North Carolina 27523

We have reviewed the accompanying statement of Assets, Liabilities and Net Assets - Cash Basis of Rotary Zones 33 & 34 Institute (a nonprofit organization) as of June 30, 2005 and 2004, the statement of Support, Revenues and Expenses - Cash Basis, and the statement of Program and Supporting Expenses - Cash Basis for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Organization.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

Gospodarek, C.P.A., P.A.

August 29, 2005

ROTARY ZONES 33 34 INSTITUTE

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

JUNE 30, 2005 AND 2004

	<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS			
Cash in Bank		\$ 118,676	\$ 80,342
Cash-incoming Treasurer		-	20,000
TOTAL CURRENT ASSETS		<u>\$ 118,676</u>	<u>\$ 100,342</u>
TOTAL ASSETS		<u>\$ 118,676</u>	<u>\$ 100,342</u>
	 <u>LIABILITIES & NET ASSETS</u>		
NET ASSETS			
Unrestricted		\$ 118,676	\$ 100,342
TOTAL NET ASSETS		<u>\$ 118,676</u>	<u>\$ 100,342</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 118,676</u>	<u>\$ 100,342</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT

**ROTARY ZONE 33 34 INSTITUTE
STATEMENT OF SUPPORT, REVENUES AND EXPENSES- CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	2005	2004
SUPPORT AND REVENUES		
Registration Fees-Zone Institute Meeting	\$ 161,555	\$ 129,592
Southland Breakfast Ticket Sales	39,035	14,940
Interest Income	873	755
Total Support and Revenues	201,463	145,287
 EXPENSES		
Program Services		
Zone Institute Meeting	161,360	90,374
Southland Breakfast	12,348	17,284
Total Program Services	173,708	107,658
Supporting Services		
Executive Committee	9,191	13,047
Management and General	230	5,295
Total Supporting Services	9,421	18,342
Total Expenses	183,129	126,000
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 18,334	\$ 19,287
UNRESTRICTED NET ASSETS-Beginning of Year	100,342	81,055
UNRESTRICTED NET ASSETS-End of Year	\$ 118,676	\$ 100,342

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT

ROTARY ZONES 33 34 INSTITUTE

STATEMENT OF PROGRAM AND SUPPORTING EXPENSES - CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005					2004						
	Program Services			Supporting Services		Program Services			Supporting Services			
	Zone Institute Meeting	Southland Breakfast	Other Program Services	Executive Committee and General	Management and General	Total Expenses	Zone Institute Meeting	Southland Breakfast	Other Program Services	Executive Committee and General	Management and General	Total Expenses
Printing and Postage	\$ 2,069	-	-	-	230	\$ 7,662	\$ 2,547	-	-	-	383	\$ 13,027
Hotel Fees	-	-	-	-	-	-	15,624	-	-	-	-	15,624
Room and Food	110,997	12,348	-	-	-	123,345	65,216	17,284	-	-	-	82,500
Professional Services	-	-	-	-	-	-	-	-	-	-	3,150	3,150
Website Maintenance	-	-	-	-	-	-	-	-	-	-	1,762	1,762
Entertainment and Speakers	4,283	-	-	-	-	4,283	5,216	-	-	-	-	5,216
Travel and Transportation	3,620	-	-	-	-	6,675	80	-	-	-	-	2,526
Bank Card Fees	20,422	-	-	-	-	20,422	-	-	-	2,446	-	-
Office Expenses	1,502	-	-	-	-	2,275	-	-	-	-	-	-
Supplies	2,913	-	-	-	-	2,913	-	-	-	-	-	-
Photography	500	-	-	-	-	500	-	-	-	-	-	-
Gifts	6,146	-	-	-	-	6,146	1,691	-	-	-	-	2,195
Miscellaneous	-	-	-	-	-	-	-	-	-	504	-	-
Institute Programs	8,908	-	-	-	-	8,908	-	-	-	-	-	-
Totals	\$ 161,360	\$ 12,348	-	\$ 9,191	\$ 230	\$ 183,129	\$ 90,374	\$ 17,284	\$ -	\$ 13,047	\$ 5,295	\$ 126,000

**ROTARY ZONES 33 & 34 INSTITUTE
NOTES TO FINANCIAL STATEMENTS**

Note 1. Organization and Summary of Significant Accounting Policies:

Rotary Zones 33 & 34 Institute is a North Carolina nonprofit organization, and except for taxes pertaining to unrelated business income, is exempt from U.S. Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Organization had no unrelated business income during the year ended June 30, 2005.

The accompanying financial statements have been prepared in conformity with the industry audit guide entitled Audits of Voluntary Health and Welfare Organizations published by the American Institute of Certified Public Accountants. The significant accounting policies followed by the Organization are described below.

Cash Basis

The Organization's financial statements are presented on the cash basis of accounting. Support and revenues are recognized when they are received rather than when a donor makes a promise to give. Expenses are recognized when paid rather than when the obligation is incurred. The cash basis is a comprehensive basis of accounting other than generally accepted accounting principles.

Contributions and Receipts

All contributions and receipts are considered to be available for unrestricted use unless specifically restricted by the donor. They are none for the years ended June 30, 2005 and 2004.

Cash Equivalents

For the purpose of reporting cash flow, cash and cash equivalents include highly liquid debt instruments purchased with a maturity of three months or less.

**ROTARY ZONES 33 & 34 INSTITUTE
NOTES TO FINANCIAL STATEMENTS**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Materials, Equipment and Services

Donated materials and equipment are recorded as contributions at their estimated fair market values at the date of receipt. Contributed services are recognized by the Organization if they typically need to be purchased by the Organization, possess specialized skills and are provided by those persons with those skills, in accordance with FASB 116. The Organization has elected not to record the donated services in as much as no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and special events.

Note 2. Income Tax Status

The Internal Revenue Service has ruled that the Organization qualifies under Section 501(c)(4) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws. Contributions to the Organization are deductible as provided in Section 170 of the Internal Revenue Code.

Note 3. Fair Value of Financial Instruments

In compliance with SFAS No. 107, the Organization reports the following information, regarding the fair value of financial instruments at June 30, 2005. According to SFAS No. 107, fair value is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. However, the Organization makes no representation that a market or potential purchaser (as defined above) exists for any of its financial instruments.

The reported carrying amount in the June 30, 2005 financial statements and accompanying notes should be a reasonable estimate of the fair value of the financial instrument of cash, due to its relatively short period of time to realization.

No other financial instruments are reported in the financial statements dated June 30, 2005.