

ROTARY ZONES 33 & 34 INSTITUTE

**FINANCIAL STATEMENTS
(Reviewed)**

JUNE 30, 2006 & 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 of Rotary Zones 33 & 34 Institute (a nonprofit organization) as of June 30, 2006 and 2005, the statement of Support, Revenues and Expenses, and the statement of Program and Supporting Expenses 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.

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

September 18, 2006

ROTARY ZONES 33 34 INSTITUTE

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

JUNE 30, 2006 AND 2005

	<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
CURRENT ASSETS			
Cash in Bank		\$ 91,096	\$ 118,676
TOTAL CURRENT ASSETS		<u>\$ 91,096</u>	<u>\$ 118,676</u>
TOTAL ASSETS		<u>\$ 91,096</u>	<u>\$ 118,676</u>
	 <u>LIABILITIES & NET ASSETS</u>		
ACCOUNTS PAYABLE		<u>\$ -</u>	<u>\$ 30,130</u>
NET ASSETS			
Unrestricted		\$ 91,096	\$ 88,546
TOTAL NET ASSETS		<u>\$ 91,096</u>	<u>\$ 88,546</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 91,096</u>	<u>\$ 118,676</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT

**ROTARY ZONE 33 34 INSTITUTE
STATEMENT OF SUPPORT, REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
SUPPORT AND REVENUES		
Registration Fees-Zone Institute Meeting	165,173	\$ 161,555
Southland Breakfast Ticket Sales	18,830	39,035
Interest Income	<u>1,381</u>	<u>873</u>
Total Support and Revenues	<u>185,384</u>	<u>201,463</u>
EXPENSES		
Program Services		
Zone Institute Meeting	154,223	161,360
Southland Breakfast	<u>24,220</u>	<u>42,478</u>
Total Program Services	<u>178,443</u>	<u>203,838</u>
Supporting Services		
Executive Committee	4,391	9,191
Management and General	<u> </u>	<u>230</u>
Total Supporting Services	<u>4,391</u>	<u>9,421</u>
Total Expenses	<u>182,834</u>	<u>213,259</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 2,550	\$ (11,796)
UNRESTRICTED NET ASSETS-Beginning of Year	<u>88,546</u>	<u>100,342</u>
UNRESTRICTED NET ASSETS-End of Year	<u><u>\$ 91,096</u></u>	<u><u>\$ 88,546</u></u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT

ROTARY ZONES 33 34 INSTITUTE

STATEMENT OF PROGRAM AND SUPPORTING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006			2005								
	Program Services			Supporting Services								
	Zone Institute Meeting	Southland Breakfast	Other Program Services	Executive Committee	Management and General	Total Expenses	Zone Institute Meeting	Southland Breakfast	Other Program Services	Executive Committee	Management and General	Total Expenses
Printing and Postage	\$ 7,358	\$ -	\$ -	\$ 3,369	-	\$ 10,727	\$ 2,069	\$ -	\$ -	\$ 5,363	\$ 230	\$ 7,662
Hotel Fees	-	-	-	-	-	-	-	-	-	-	-	-
Room and Food	90,144	24,220	-	-	-	114,364	110,997	42,478	-	-	-	153,475
Professional Services	2,000	-	-	-	-	2,000	-	-	-	-	-	-
Website Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Entertainment and Speakers	4,261	-	-	-	-	4,261	4,283	-	-	-	-	4,283
Travel and Transportation	25,543	-	-	1,022	-	26,565	3,620	-	-	3,055	-	6,675
Bank Card Fees	3,436	-	-	-	-	3,436	20,422	-	-	-	-	20,422
Office Expenses	1,874	-	-	-	-	1,874	1,502	-	-	773	-	2,275
Supplies	3,936	-	-	-	-	3,936	2,913	-	-	-	-	2,913
Photography	500	-	-	-	-	500	500	-	-	-	-	500
Gifts	5,146	-	-	-	-	5,146	6,146	-	-	-	-	6,146
Miscellaneous	10,025	-	-	-	-	10,025	-	-	-	-	-	-
Institute Programs	-	-	-	-	-	-	8,908	-	-	-	-	8,908
Totals	\$ 154,223	\$ 24,220		\$ 4,391	\$ -	\$ 182,834	\$ 161,360	\$ 42,478		\$ 9,191	\$ 230	\$ 213,259

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT

**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, 2006.

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.

Accrual Basis

The Organization's financial statements are presented on the accrual basis of accounting. Support and revenues are recognized when the when a donor makes a promise to give. Expenses are recognized when incurred.

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, 2006 and 2005.

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.

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.

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

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. Restatement of Prior Year

Previously the financial reports were prepared on the cash basis of accounting. The financial statements for the years ended June 30, 2005 and 2004 have been prepared on the accrual basis. The prior year financial information was restated to reflect the accrual basis of accounting.

Note 3. 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 4. 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, 2006. 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, 2006 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, 2006.