

**ROTARY CLUB OF SACRAMENTO
FOUNDATION**

Independent Auditor's Report,
Financial Statements and
Supplementary Information

Year Ended June 30, 2021

With summarized comparative financial information
for the year ended June 30, 2020

**ROTARY CLUB OF SACRAMENTO FOUNDATION
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Rotary Club of Sacramento Foundation

We have audited the accompanying financial statements of the Rotary Club of Sacramento Foundation, 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 year 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 the Rotary Club of Sacramento Foundation as of June 30, 2021 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Rotary Club of Sacramento Foundation's 2019-20 financial statements in combination with the Rotary Club of Sacramento's 2019-20 financial statements, and we expressed an unqualified audit opinion on those combining financial statements in our report dated October 12, 2020. In our opinion, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 19-26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
September 13, 2021

ROTARY CLUB OF SACRAMENTO FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020

	2021	2020
Assets		
Cash and equivalents	\$ 81,267	\$ 21,917
Contributions receivable, net	15,470	1,679
Prepaid assets	14,301	9,028
Investments	4,021,038	3,322,783
Fixed assets, net	271	504
 Total assets	 \$ 4,132,347	 \$ 3,355,911
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 82,209	\$ 47,072
Deferred revenue	10,623	-
Total liabilities	92,832	47,072
 Net assets:		
Without donor restrictions:		
Undesignated	273,296	218,775
Board-designated for service project funds	148,325	186,246
Board-designated for quasi-endowment	2,464,545	1,958,359
Total net assets without donor restrictions	2,886,166	2,363,380
With donor restrictions	1,153,349	945,459
Total net assets	4,039,515	3,308,839
Total liabilities and net assets	\$ 4,132,347	\$ 3,355,911

The accompanying notes are an integral part of these financial statements.

ROTARY CLUB OF SACRAMENTO FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue:				
Contributions	\$ 60,881	\$ 32,420	\$ 93,301	\$ 62,935
Special events	191,482	-	191,482	249,737
Less: Direct costs of donor benefits	(13,422)	-	(13,422)	(87,372)
Net investment return	653,996	248,257	902,253	77,563
Net assets released from restrictions	72,787	(72,787)	-	-
Total support and revenue	<u>965,724</u>	<u>207,890</u>	<u>1,173,614</u>	<u>302,863</u>
Expenses:				
Program services:				
Service project funds	268,695	-	268,695	201,864
Named funds	25,975	-	25,975	20,960
Youth Incentive Program	27,225	-	27,225	14,000
Total program services	<u>321,895</u>	<u>-</u>	<u>321,895</u>	<u>236,824</u>
Supporting services:				
General and administration	70,076	-	70,076	70,963
Fundraising	50,967	-	50,967	34,202
Total supporting services	<u>121,043</u>	<u>-</u>	<u>121,043</u>	<u>105,165</u>
Total expenses	<u>442,938</u>	<u>-</u>	<u>442,938</u>	<u>341,989</u>
Change in net assets	<u>522,786</u>	<u>207,890</u>	<u>730,676</u>	<u>(39,126)</u>
Net assets, beginning of year	<u>2,363,380</u>	<u>945,459</u>	<u>3,308,839</u>	<u>3,347,965</u>
Net assets, end of year	<u>\$ 2,886,166</u>	<u>\$ 1,153,349</u>	<u>\$ 4,039,515</u>	<u>\$ 3,308,839</u>

The accompanying notes are an integral part of these financial statements.

ROTARY CLUB OF SACRAMENTO FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services		2021 Total	2020 Total
	Service Project Funds	Named Funds	Youth Incentive Program	Total Program Services	General and Administration	Fundraising		
Accounting fees	-	-	-	-	\$ 22,510	-	\$ 22,510	\$ 23,415
Administrative fees	-	-	-	-	38,000	\$ 18,500	56,500	58,825
Advertising and promotion	-	-	-	-	-	29,312	29,312	15,469
Bank fees	-	-	-	-	3,427	2,564	5,991	2,831
Community service	\$ 27,500	-	-	\$ 27,500	-	-	27,500	24,500
Grants to beneficiaries	116,057	-	-	116,057	-	-	116,057	117,929
International service	84,205	-	-	84,205	-	-	84,205	35,995
Literacy projects	-	-	-	-	-	-	-	8,723
Meals and supplies	-	-	-	-	1,117	-	1,117	1,302
Miscellaneous	6,475	-	\$ 3,333	9,808	1,773	591	12,172	11,102
Other projects	29,458	\$ 1,075	-	30,533	-	-	30,533	3,055
Postage and delivery	-	-	-	-	21	-	21	50
Printing and copying	-	-	-	-	3,228	-	3,228	2,693
Scholarships and stipends	5,000	24,900	23,892	53,792	-	-	53,792	36,100
Total expenses	<u>\$ 268,695</u>	<u>\$ 25,975</u>	<u>\$ 27,225</u>	<u>\$ 321,895</u>	<u>\$ 70,076</u>	<u>\$ 50,967</u>	<u>\$ 442,938</u>	<u>\$ 341,989</u>

The accompanying notes are an integral part of these financial statements.

ROTARY CLUB OF SACRAMENTO FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
Operating activities:		
Contributions received	\$ 79,510	\$ 74,452
Special event revenue receipts	188,683	150,194
Other cash receipts	96,490	77,563
Payments for projects and scholarships	(312,087)	(226,302)
Payments to vendors	(100,754)	(120,865)
Net cash used in operating activities	(48,158)	(44,958)
Investing activities:		
Proceeds from sales of investments	505,059	1,379,145
Purchases of investments	(397,551)	(1,339,555)
Net cash provided by investing activities	107,508	39,590
Change in cash	59,350	(5,368)
Cash and equivalents, beginning of year	21,917	27,285
Cash and equivalents, end of year	\$ 81,267	\$ 21,917

The accompanying notes are an integral part of these financial statements.

**ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF THE ORGANIZATION

The Rotary Club of Sacramento Foundation (Foundation, we, us, our) is a nonprofit public benefit corporation organized to provide a vehicle by which the long-term viability of the Rotary Club of Sacramento (Club) is sustained and enabled to continue to support the ever-increasing needs of the community. The Foundation is primarily funded by individual contributions, proceeds from special events, and invest returns.

The Club is a nonprofit incorporated membership organization and an affiliate of Rotary International. The Foundation is an auxiliary corporation to the Club. The Foundation is managed and operated by a Board of Trustees (“the Trustees”), the members of which are full members of the Club who are appointed to the position of Trustee by the Club’s Board of Directors (“the Directors”) upon the advice and recommendation of the President and President-Elect of the Club. In selecting Trustees, the Club is encouraged to seek the advice and recommendation of the President and the Vice President of the Foundation.

The Object of Rotary is to encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster:

- **FIRST** – The development of acquaintance as an opportunity for service.
- **SECOND** – High ethical standards in business and professions, the recognition of the worthiness of all useful occupations, and the dignifying of each Rotarian's occupation as an opportunity to serve society.
- **THIRD** – The application of the ideal of service in each Rotarian's personal, business, and community life.
- **FOURTH** – The advancement of international understanding, goodwill, and peace through a world fellowship of business and professional persons united in the ideal of service.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, we classify our net assets and changes in net assets as follows:

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed stipulations that may or will be met either by our actions and/or the passage of time – OR – net assets to be held in perpetuity as directed by donors, whereas the income from the contributions is available to support activities as designated by donors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions restricted by a donor are reported as increases in net assets without donor restrictions if restrictions are met (either by passage of time or by use) in the reporting period in which the contributions are recognized. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value, consisting of the carrying amount less an allowance for uncollectible accounts. The allowance is established based on factors such as historical experience and the age of the account balances in determining the appropriate allowance. As of June 30, 2021 and 2020, the total allowance was \$5,000 and \$3,900, respectively.

Investments

Investments are stated at fair value. Unrealized and realized gains and losses are included in investment return reported on the statement of activities. Investment return is reported net of related investment expenses.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed asset items in excess of \$500 are capitalized and stated at cost. Donated fixed assets are recorded at estimated fair market value on the date of the gift. Depreciation is calculated on the straight-line method over estimated useful lives of 3-10 years.

Revenue Recognition

We record special event revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place. Revenues collected in advance are deferred until earned.

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met

Functional Expenses

The costs of providing our program and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs are for services shared between the Club and Foundation. Indirect costs are allocated among programs and supporting services based on personnel, space, and other factors.

Income Taxes

We are exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections. We are considered a supporting organization for exempt organization reporting purposes.

We have processes presently in place to ensure maintenance of our tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from these estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Club members. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported may have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Adoption of New Accounting Standards

We have adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of our financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way we recognize revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 81,267	\$ 21,917
Contributions receivable, net	15,470	1,679
Endowment spending rate appropriation	<u>80,114</u>	<u>79,201</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 176,851</u>	 <u>\$ 102,797</u>

We do not intend to spend from the Foundation’s board-designated quasi-endowment fund of \$2,464,545 (other than amounts appropriated for general expenditure as part of our Board of Trustees annual budget approval and appropriation), or the board-designated community service funds of \$148,325. However, these amounts could be made available, if necessary.

We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 20,470	\$ 5,570
Less: allowance for doubtful accounts	<u>(5,000)</u>	<u>(3,900)</u>
Contributions receivable, net	<u>\$ 15,470</u>	<u>\$ 1,679</u>
 Amounts due in:		
Less than one year	\$ 20,470	\$ 5,570
One to five years	<u>--</u>	<u>--</u>
Total	<u>\$ 20,470</u>	<u>\$ 5,570</u>

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – INVESTMENTS

In accordance with generally accepted accounting principles, we use the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value and consisted of the following as of June 30:

2021	Total	Level 1	Level 2	Level 3
International Securities Funds	\$ 1,177,828	\$ 1,177,828	\$ --	\$ --
U.S. Large Cap Funds	1,147,555	1,147,555	--	--
Fixed Income Funds	1,095,749	1,095,749	--	--
U.S. Small Cap Funds	363,239	363,239	--	--
Real Estate Securities Funds	148,906	148,906	--	--
International Bond Funds	<u>79,258</u>	<u>79,258</u>	--	--
Investments carried at fair value	4,012,535	<u>\$ 4,012,535</u>	<u>\$ --</u>	<u>\$ --</u>
Money Market Funds*	<u>8,503</u>			
Total investments	<u>\$ 4,021,038</u>			

* Money market funds included in the investment portfolio are not subject to provisions of fair value measurements as they do not meet the FASB definition of a security.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – INVESTMENTS (continued)

2020	Total	Level 1	Level 2	Level 3
Fixed Income Funds	\$ 980,945	\$ 980,945	\$ --	\$ --
U.S. Large Cap Funds	911,595	911,595	--	--
International Securities Funds	804,343	804,343	--	--
U.S. Small Cap Funds	270,170	270,170	--	--
Real Estate Securities Funds	109,222	109,222	--	--
International Bond Funds	<u>42,490</u>	<u>42,490</u>	--	--
Investments carried at fair value	3,118,795	<u>\$ 3,118,795</u>	<u>\$ --</u>	<u>\$ --</u>
Money Market Funds*	<u>204,018</u>			
Total investments	<u>\$ 3,322,783</u>			

Investment return consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 111,834	\$ 99,203
Net realized and unrealized gain/(loss)	<u>808,542</u>	<u>(4,873)</u>
Investment gain/(loss)	920,376	94,330
Less: investment expenses	<u>(18,123)</u>	<u>(16,767)</u>
Total investment return	<u>\$ 902,253</u>	<u>\$ 77,563</u>

NOTE 6 – FIXED ASSETS

Fixed assets consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 1,630	\$ 1,630
Less: accumulated depreciation	<u>(1,359)</u>	<u>(1,126)</u>
Total fixed assets	<u>\$ 271</u>	<u>\$ 504</u>

Depreciation expense was \$233 and \$233 for the years ended June 30, 2021 and 2020, respectively.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Service Project Funds	\$ 25,502	\$ 3,975
Youth Incentive Program	<u>443,055</u>	<u>390,508</u>
	468,557	394,483
 Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Scholarships	311,182	177,366
 Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Scholarships	<u>373,610</u>	<u>373,610</u>
 Total net assets with donor restrictions	<u>\$ 1,153,349</u>	<u>\$ 945,459</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Service Project Funds	\$ 10,583	\$ 13,800
Scholarships	31,979	26,233
Youth Incentive Program	<u>30,225</u>	<u>18,625</u>
 Total net assets released from donor restrictions	<u>\$ 72,787</u>	<u>\$ 58,658</u>

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – ENDOWMENT

Our endowment (the Endowment) consists of nine donor-restricted funds established for a variety of purposes, as well as amounts designated by the Board of Trustees to support other Foundation activities. The Board of Trustees of the Foundation has interpreted the State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity (a) the original value initial and subsequent gifts amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of June 30, 2021 and 2020.

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs for managing the Endowment investments. The target minimum rate of return is 8% annually. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

**ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – ENDOWMENT (continued)

We have a policy of appropriating for distribution a portion of the Endowment fund annually. The average is computed using the fair value of the fund on the last day of each of the prior twelve fiscal quarters. The amount shall be subject to a minimum of 4% and a maximum of 5%, based upon an inflation-adjusted rate of return on investments. In establishing this policy, we have considered the long-term expected return on our endowment. Accordingly, over the long term, we expect the current spending policy to allow our endowment to grow at an average of 1.75% annually.

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

<u>2020-2021</u>	Without Donor Restrictions (Quasi-endowment)	With Donor Restrictions	<u>Total</u>
Endowment assets, beginning of year	\$ 1,958,359	\$ 550,976	\$ 2,509,335
Contributions	58,388	--	58,388
Investment return, net	59,572	16,761	76,333
Realized and unrealized gains	529,635	149,034	678,669
Appropriation of endowment assets for expenditure	<u>(141,409)</u>	<u>(31,979)</u>	<u>(173,388)</u>
Endowment assets, end of year	<u>\$ 2,464,545</u>	<u>\$ 684,792</u>	<u>\$ 3,149,337</u>

**ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – ENDOWMENT (continued)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

<u>2019-2020</u>	Without Donor Restrictions (Quasi-endowment)	With Donor Restrictions	<u>Total</u>
Endowment assets, beginning of year	\$ 2,000,788	\$ 562,307	\$ 2,563,095
Contributions	54,108	--	54,108
Interest and dividends, net	50,400	16,739	67,139
Realized and unrealized gains/(losses)	(5,531)	(1,837)	(7,368)
Appropriation of endowment assets for expenditure	<u>(141,406)</u>	<u>(26,233)</u>	<u>(167,639)</u>
Endowment assets, end of year	<u>\$ 1,958,359</u>	<u>\$ 550,976</u>	<u>\$ 2,509,335</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The Foundation is charged by the Club for expenses incurred on the Foundation’s behalf in accordance with a memorandum of understanding (MOU) dated July 1, 2020. Boards of both entities meet annually to adjust the agreement as needed. The Foundation paid to the Club \$56,500 and \$58,825 under this agreement for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, amounts due from the Foundation to the Club under the MOU totaled \$3,345 and \$3,360, respectively.

NOTE 10 – CONTRIBUTED SERVICES AND MATERIALS

Members of the Club contribute their time to various activities of the Foundation, including leadership, committees, fundraising, and member events. The value of this contributed time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

ROTARY CLUB OF SACRAMENTO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 – SUBSEQUENT EVENTS

We have reviewed the results of operations for the period of time from our year ended June 30, 2021 through September 13, 2021, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure. However, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact our contribution revenue, special event revenue, and our program services. The related financial impact and duration of such conditions cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**ROTARY CLUB OF SACRAMENTO FOUNDATION
FUND CORPUS
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, GAINS, LOSSES,
ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Total Fund Corpus</u>
Revenue, gains and losses:	
Eddie Mulligan Society	\$ 52,593
Other contributions	5,795
Net investment return	<u>589,207</u>
Total revenue, gains and losses	<u>647,595</u>
Allocations and expenses:	
Allocation to Magical Winter Celebration	1,597
Allocation to Service Project Fund	80,114
Accounting fees	22,510
Administrative costs	27,922
Bank fees	3,427
Meals and supplies	1,117
Postage and delivery	21
Printing	3,228
Miscellaneous	<u>1,473</u>
Total allocations and expenses	<u>141,409</u>
Change in fund balance	506,186
Fund balance, beginning of year	<u>1,958,359</u>
Fund balance, end of year	<u><u>\$ 2,464,545</u></u>

See independent auditor's report

ROTARY CLUB OF SACRAMENTO FOUNDATION
SERVICE PROJECT FUNDS
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

	Balance 7/1/2020	Revenues, Transfers & Allocations	Expenses	Balance 6/30/2021
<u>Outreach Committee Funds</u>				
Time and/or Purpose Restricted:				
Salvation Army Toy Drive	-	\$ 8,625	\$ (6,125)	\$ 2,500
Rise Against Hunger	\$ 950	(150)	-	800
Hospital Workers	700	-	-	700
Orthopedic Handicap Donation	500	-	(500)	-
Young Professionals - Sign	-	25,460	(3,958)	21,502
Designated:				
Foundation Scholarships	7,050	5,000	(5,000)	7,050
Literacy	1,477	2,500	-	3,977
Speech Contest	-	350	(350)	-
RYE	455	273	-	728
RYLA	30	800	-	830
Service Above Self Award	2,200	2,000	-	4,200
	<u>13,362</u>	<u>44,858</u>	<u>(15,933)</u>	<u>42,287</u>
<u>International Service Committee Funds</u>				
Time and/or Purpose Restricted:				
RUTF GG Collection of US Dollars	\$ 200	-	\$ (200)	-
RUTF Pakistan	5	-	(5)	-
Water Projects	620	\$ 395	-	\$ 1,015
Global Grant 3272 - Niger	1,000	2,000	(3,000)	-
Designated:				
Nepal Literacy	3,550	(3,550)	-	-
Computer Project - Nepal	10,000	(10,000)	-	-
Peru D4455	35,314	(35,314)	-	-
Human Trafficking - Cambodia	100	(100)	-	-
Cambodia, Siem Reap - Literacy	4,500	(4,500)	-	-
Honduras Orphanage	8,000	(5,000)	(3,000)	-
Jamaica Medical	9,000	(9,000)	-	-
Guatemala - unknown	5,000	(5,000)	-	-
21-GG23289-Haiti HANWASH-Ferrier	-	15,000	-	15,000
Joint Projects	11,475	3,525	(15,000)	-
Available Funds to be Allocated:	(81)	81	-	-
Dayspring Outreach Ministries (Days for Girls)	-	2,000	(2,000)	-
Rotary Club of Addis Ababa West (Ethiopia Face Masks)	-	1,000	(1,000)	-
20-GG3673-Haiti.1 HANWASH-Pigeon	-	21,358	(20,000)	1,358
20-GG2448-Dominican Republic A WASH and Education	-	20,000	(20,000)	-
20-TH0501-Uganda.1 RI-USAID WASH Uganda	-	20,000	(20,000)	-
	<u>88,683</u>	<u>12,895</u>	<u>(84,205)</u>	<u>17,373</u>
<u>Community/Club Grants</u>				
2020/21 Allocation:				
Disaster Relief	\$ 5,000	\$ 3,551	-	\$ 8,551
COVID Relief:				
Volunteers of America	-	7,500	\$ (7,500)	-
Salvation Armu	-	7,500	(7,500)	-
Nexy Move Homeless	-	5,000	(5,000)	-
Family Promise	-	5,000	(5,000)	-
Club Community Service Projects	-	2,500	(2,500)	-
Community Grants:				
CA Railroad Museum	-	2,500	(2,500)	-
Carmichael Homeless Assistance	-	2,500	(2,500)	-
Firefighters Burn Institute	-	3,900	(3,900)	-
Habitat for Humanity	-	1,900	(1,900)	-
Mercer Clinic for Pets of Homeless	-	4,200	(4,200)	-
NorCal Resist	-	1,500	(1,500)	-
Petal Connection	-	1,500	(1,500)	-
VITA Academy	-	4,000	(4,000)	-
Yolo Basin Foundation	-	3,000	(3,000)	-
	<u>5,000</u>	<u>56,051</u>	<u>(52,500)</u>	<u>8,551</u>
Allocation for Fiscal Year 2020-2021	\$ 79,201	\$ (79,201)	-	-
Allocation for Fiscal Year 2021-2022	-	80,114	-	\$ 80,114
Total Service Project Funds	<u>\$ 186,246</u>	<u>\$ 114,717</u>	<u>\$ (152,638)</u>	<u>\$ 148,325</u>

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ROTARY CLUB OF SACRAMENTO FOUNDATION
NAMED FUNDS
SUPPLEMENTARY SCHEDULE OF CONTRIBUTIONS, INVESTMENT INCOME,
GAINS, LOSSES, DISBURSEMENTS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

	Balance 7/1/2020	Contributions	Investment Income, net	Realized and Unrealized Gain (Loss)	Disbursements	Balance 6/30/2021
<u>Without Donor Restriction</u>						
Crowell Scholarship	-	\$ -	-	-	-	-
Strauch Scholarship	-	-	-	-	-	-
Snyder Scholarship	-	-	-	-	-	-
Arnold Scholarship	-	-	-	-	-	-
Knox Scholarship	-	-	-	-	-	-
Lewis Fund	-	-	-	-	-	-
Anonymous Fund	-	-	-	-	-	-
Oleta Fund	-	-	-	-	-	-
Streng Scholarship	-	-	-	-	-	-
Bill and Millie Stone Fund	\$ 215,386	-	\$ 6,541	\$ 58,165	\$ (1,425)	\$ 278,667
Total Without Donor Restriction	215,386	-	6,541	58,165	(1,425)	278,667
<u>Donor Restricted by Time and/or Purpose</u>						
Crowell Scholarship	\$ 31,812	\$ -	\$ 2,489	\$ 22,129	\$ (4,251)	\$ 52,179
Strauch Scholarship	11,820	-	3,432	30,519	(5,949)	39,822
Snyder Scholarship	(544)	-	2,824	25,112	(6,193)	21,199
Arnold Scholarship	4,319	-	892	7,931	(1,577)	11,565
Knox Scholarship	9,472	-	1,147	10,195	(484)	20,330
Lewis Fund	10,547	-	1,112	9,886	(470)	21,075
Anonymous Fund	13,279	-	1,164	10,354	(492)	24,305
Oleta Fund	517	-	776	6,902	(1,328)	6,867
Streng Scholarship	96,144	-	2,925	26,006	(11,235)	113,840
Bill and Millie Stone Fund	-	-	-	-	-	-
Total Donor Restricted, Time and/or Purpose	177,366	-	16,761	149,034	(31,979)	311,182
<u>Donor Restricted in Perpetuity</u>						
Crowell Scholarship	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Strauch Scholarship	101,007	-	-	-	-	101,007
Snyder Scholarship	93,384	-	-	-	-	93,384
Arnold Scholarship	25,000	-	-	-	-	25,000
Knox Scholarship	28,219	-	-	-	-	28,219
Lewis Fund	26,000	-	-	-	-	26,000
Anonymous Fund	25,000	-	-	-	-	25,000
Oleta Fund	25,000	-	-	-	-	25,000
Streng Scholarship	-	-	-	-	-	-
Bill and Millie Stone Fund	-	-	-	-	-	-
Total Donor Restricted in Perpetuity	373,610	-	-	-	-	373,610
<u>Grand Total</u>						
Crowell Scholarship	\$ 81,812	\$ -	\$ 2,489	\$ 22,129	\$ (4,251)	\$ 102,179
Strauch Scholarship	112,827	-	3,432	30,519	(5,949)	140,829
Snyder Scholarship	92,840	-	2,824	25,112	(6,193)	114,583
Arnold Scholarship	29,319	-	892	7,931	(1,577)	36,565
Knox Scholarship	37,691	-	1,147	10,195	(484)	48,549
Lewis Fund	36,547	-	1,112	9,886	(470)	47,075
Anonymous Fund	38,279	-	1,164	10,354	(492)	49,305
Oleta Fund	25,517	-	776	6,902	(1,328)	31,867
Streng Scholarship	96,144	-	2,925	26,006	(11,235)	113,840
Bill and Millie Stone Fund	215,386	-	6,541	58,165	(1,425)	278,667
Grand Total	\$ 766,362	\$ -	\$ 23,302	\$ 207,199	\$ (33,404)	\$ 963,459

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**ROTARY CLUB OF SACRAMENTO FOUNDATION
SACRAMENTO CENTURY CHALLENGE
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, GRANTS,
ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Total Sacramento Century Challenge</u>
Revenue:	
Special event revenue	\$ <u>106,258</u>
Total revenue	<u>106,258</u>
Expenses, grants and allocations:	
Grants to beneficiaries	52,507
Direct cost of special event	5,904
Administrative allocation	15,500
Advertising and promotion	29,019
Bank fees	2,564
Miscellaneous	<u>65</u>
Total expenses, grants and allocations	<u>105,559</u>
Change in fund balance	699
Fund balance, beginning of year	<u>784</u>
Fund balance, end of year	<u><u>\$ 1,483</u></u>

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**ROTARY CLUB OF SACRAMENTO FOUNDATION
GOLF 4 KIDS
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, GRANTS,
ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Total Golf 4 Kids</u>
Revenue:	
Special event revenue	\$ 85,224
Total revenue	<u>85,224</u>
Expenses, grants and allocations:	
Grants to beneficiaries	63,550
Direct cost of special events	7,518
Administrative allocation	3,000
Advertising and promotion	294
Miscellaneous	<u>292</u>
Total expenses, grants and allocations	<u>74,654</u>
Change in fund balance	10,570
Fund balance, beginning of year	<u>8,078</u>
Fund balance, end of year	<u><u>\$ 18,648</u></u>

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**ROTARY CLUB OF SACRAMENTO FOUNDATION
MAGICAL WINTER CELEBRATION
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, GRANTS,
ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Total Magical Winter Celebration</u>
Revenue:	
Special event revenue	-
Allocation from Corpus	\$ <u>1,597</u>
Total revenue	<u>1,597</u>
Expenses, grants and allocations:	
Grants to beneficiaries	-
Direct cost of special event	-
Miscellaneous	<u>449</u>
Total expenses, grants and allocations	<u>449</u>
Change in fund balance	1,148
Fund balance, beginning of year	<u>(1,148)</u>
Fund balance, end of year	<u><u>\$ -</u></u>

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**ROTARY CLUB OF SACRAMENTO FOUNDATION
YOUTH INCENTIVE PROGRAM
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, GAINS, LOSSES,
ALLOCATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Total Youth Incentive Program</u>
Revenue, gains and losses:	
Contributions	\$ 310
Investment income, net	10,838
Realized and unrealized gains (losses) on investments, net	<u>71,623</u>
Total revenue, gains and losses	<u>82,771</u>
Allocations and expenses:	
Scholarships and stipends	23,892
Administrative allocation	3,000
Miscellaneous	<u>3,332</u>
Total allocations and expenses	<u>30,224</u>
Change in fund balance	52,547
Fund balance, beginning of year	<u>390,508</u>
Fund balance, end of year	<u><u>\$ 443,055</u></u>

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ROTARY CLUB OF SACRAMENTO FOUNDATION
SCHEDULE OF INVESTMENTS
JUNE 30, 2021

Investments	Total Shares	Fair Value Per Share	Total Fair Value	Historical Cost
<u>Corpus and Named Funds</u>				
American Funds EuroPacific Growth Fund F-3	9,631.07	\$ 70.81	\$ 681,980	\$ 514,765
American Funds EuroPacific Growth Fund CL	888.16	70.57	62,677	62,921
Baird Aggregate Bond Fund Institutional	26,034.81	11.49	299,140	288,189
Baird Aggregate Bond Fund Investor	1,009.82	11.91	12,027	12,217
Blackrock Strategic Income	6,792.44	10.38	70,506	70,505
Cohen & Steers Global Realty Class I	446.18	61.87	27,605	22,984
Cohen & Steers Realty Shares Fund	2,069.57	52.22	108,073	98,218
Dodge & Cox Income Fund	15,362.99	14.33	220,152	215,964
Fidelity 500 Index Fund	6,921.04	149.59	1,035,318	680,149
Fidelity Inflation Protection Bond Fund	4,703.39	11.23	52,819	47,081
Fidelity Small Cap Index Fund	10,984.00	29.29	321,721	222,022
JP Morgan Emerging Markets Equity Fund	376.69	45.13	17,000	15,971
JP Morgan Emerging Markets Equity Class L	6,631.24	45.50	301,721	191,096
PIMCO International Bond Fund Hedged	3,152.98	10.87	34,273	34,553
PIMCO International Bond Fund Unhedged	3,299.16	10.23	33,750	33,987
Russell Strategic Bond Fund	26,641.42	11.11	295,986	293,564
Cash	7,545.55	1.00	7,545	7,545
Total Corpus and Named Funds			<u>3,582,293</u>	<u>2,811,731</u>
<u>Youth Incentive Program</u>				
American Funds EuroPacific Growth Fund F-3	994.71	\$ 70.81	\$ 70,435	\$ 51,152
Baird Aggregate Bond Fund Institutional	3,492.83	11.49	40,133	38,110
Baird Aggregate Bond Fund Investor	1,243.45	11.91	14,809	15,301
Cohen & Steers Global Realty Shares	82.49	61.87	5,104	4,454
Cohen & Steers Realty Shares	110.31	73.64	8,124	7,082
Fidelity 500 Index Fund	703.06	149.59	105,171	70,108
Fidelity Small Cap Index Fund	1,417.46	29.29	41,517	29,013
iShares Russell 1000 Index ETF	29.19	242.08	7,065	2,698
JP Morgan Emerging Markets Equity Class I	414.36	45.13	18,700	11,940
JP Morgan Emerging Markets Equity Class L	556.43	45.50	25,318	15,758
PIMCO International Bond Fund Hedged	523.30	10.87	5,688	5,623
PIMCO International Bond Fund Unhedged	542.13	10.23	5,546	5,381
Russell Strategic Bond Fund	7,581.64	11.11	84,232	83,268
Vanguard Inflation Protected	208.97	28.45	5,945	5,356
Cash	957.60	1.00	958	958
Total Youth Incentive Program			<u>438,745</u>	<u>346,201</u>
Grand Total Investments			<u>\$ 4,021,038</u>	<u>\$ 3,157,932</u>

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