

**ALBUQUERQUE ROTARY CHARITABLE FOUNDATION**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2009 and 2008

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## **ACCOUNTANTS' REPORT**

To the Board of Directors  
**Albuquerque Rotary Charitable Foundation**  
Albuquerque, New Mexico

We have reviewed the accompanying statements of financial position of the Albuquerque Rotary Charitable Foundation (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years 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 Albuquerque Rotary Charitable Foundation.

A review consists principally of inquiries of Foundation 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 reviews, 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.

*Broderick & Company, LLC*

**Broderick & Company, LLC**

February 4, 2010

**Albuquerque Rotary Charitable Foundation**

Statements of Financial Position

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,044,908	\$ 99,553
Prepaid expenses	1,488	-
Investments	-	1,147,236
Unconditional promises to give	<u>68,993</u>	<u>64,621</u>
Total assets	<u><u>\$ 1,115,389</u></u>	<u><u>\$ 1,311,410</u></u>

**Liabilities and Net Assets**

Liabilities		
Accounts payable	\$ 7,000	\$ -
Deferred revenue	18,776	-
Total liabilities	<u>25,776</u>	<u>-</u>
Net assets		
Unrestricted		
Undesignated	491,076	609,597
Board designated endowment fund	378,311	465,498
Total unrestricted	<u>869,387</u>	<u>1,075,095</u>
Temporarily restricted	<u>220,226</u>	<u>236,315</u>
Total net assets	<u><u>1,089,613</u></u>	<u><u>1,311,410</u></u>
Total liabilities and net assets	<u><u>\$ 1,115,389</u></u>	<u><u>\$ 1,311,410</u></u>

See accompanying notes to financial statements and accountants' report.

**Albuquerque Rotary Charitable Foundation**

Statement of Activities  
Year Ended June 30, 2009

<b>Revenues and Other Support</b>	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Total</b></u>
Special fundraising event revenue			
In-kind contributions	\$ 83,559	\$ -	\$ 83,559
Special event revenue	<u>71,789</u>	<u>-</u>	<u>71,789</u>
Total special fundraising event revenue	155,348	-	155,348
Investment income	(197,649)	(34,916)	(232,565)
Contributions	17,332	24,427	41,759
Net assets released from restriction	<u>5,600</u>	<u>(5,600)</u>	<u>-</u>
Total revenues and other support	(19,369)	(16,089)	(35,458)
<b>Expenses</b>			
Program services			
Grants	51,252	-	51,252
Costs of direct benefits to donors	7,655	-	7,655
Supporting services			
Fundraising - special event			
Utilization in-kind contributions	75,904	-	75,904
Expenditures	<u>36,951</u>	<u>-</u>	<u>36,951</u>
Total fundraising	112,855	-	112,855
General and administrative	<u>14,577</u>	<u>-</u>	<u>14,577</u>
Total expenses	<u>186,339</u>	<u>-</u>	<u>186,339</u>
Changes in net assets	(205,708)	(16,089)	(221,797)
Net assets, beginning of year	<u>1,075,095</u>	<u>236,315</u>	<u>1,311,410</u>
Net assets, end of year	<u><u>\$ 869,387</u></u>	<u><u>\$ 220,226</u></u>	<u><u>\$ 1,089,613</u></u>

See accompanying notes to financial statements and accountants' report.

**Albuquerque Rotary Charitable Foundation**

Statement of Activities  
Year Ended June 30, 2008

<b>Revenues and Other Support</b>	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Total</b></u>
Special fundraising event revenue			
In-kind contributions	\$ 108,510	\$ -	\$ 108,510
Special event revenue	<u>67,196</u>	<u>-</u>	<u>67,196</u>
Total special fundraising event revenue	175,706	-	175,706
Investment income	(33,786)	(6,829)	(40,615)
Contributions	8,348	7,287	15,635
Net assets released from restriction	<u>9,982</u>	<u>(9,982)</u>	<u>-</u>
Total revenues and other support	160,250	(9,524)	150,726
 <b>Expenses</b>			
Program services			
Grants	48,762	-	48,762
Costs of direct benefits to donors	10,610	-	10,610
Supporting services			
Fundraising - special event			
Utilization in-kind contributions	97,900	-	97,900
Expenditures	<u>34,154</u>	<u>-</u>	<u>34,154</u>
Total fundraising	132,054	-	132,054
General and administrative	<u>12,568</u>	<u>-</u>	<u>12,568</u>
Total expenses	<u>203,994</u>	<u>-</u>	<u>203,994</u>
Changes in net assets	(43,744)	(9,524)	(53,268)
Net assets, beginning of year	<u>1,118,839</u>	<u>245,839</u>	<u>1,364,678</u>
Net assets, end of year	<u><u>\$ 1,075,095</u></u>	<u><u>\$ 236,315</u></u>	<u><u>\$ 1,311,410</u></u>

See accompanying notes to financial statements and accountants' report.

# Albuquerque Rotary Charitable Foundation

## Statements of Cash Flows

Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (221,797)	\$ (53,268)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Net loss on investments	253,033	93,898
Amortization of discount on unconditional promises to give	(4,372)	(3,980)
Changes in operating assets and liabilities		
Prepaid expenses	(1,488)	837
Unconditional promises to give	-	1,982
Accounts payable	7,000	-
Deferred revenue	18,776	(19,086)
	<u>51,152</u>	<u>20,383</u>
<b>Cash provided by operating activities</b>	<u>51,152</u>	<u>20,383</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds of investments	1,462,656	475,149
Purchases of investments	(568,453)	(517,451)
	<u>894,203</u>	<u>(42,302)</u>
<b>Cash provided/(used) by investing activities</b>	<u>894,203</u>	<u>(42,302)</u>
Change in cash and cash equivalents	945,355	(21,919)
Cash and cash equivalents, beginning of year	<u>99,553</u>	<u>121,472</u>
Cash and cash equivalents, end of year	<u>\$ 1,044,908</u>	<u>\$ 99,553</u>

See accompanying notes to financial statements and accountants' report.

## Albuquerque Rotary Charitable Foundation

### Notes to Financial Statements

June 30, 2009 and 2008

#### Note 1 – Nature of Activities

Albuquerque Rotary Charitable Foundation (the Foundation) was incorporated in 1988 as a nonprofit organization dedicated to charitable giving in the greater Albuquerque area. Members of The Rotary Club of Albuquerque are also members of the Albuquerque Rotary Charitable Foundation. The purpose of the Foundation is to enable Rotarians to support local charities and deserving community projects.

#### Note 2 – Summary of Significant Accounting Policies

##### Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Foundation has no permanently restricted net assets at June 30, 2009 or 2008.

##### Revenues and Other Support

The Foundation reports contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence and nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated materials and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose.

Many individuals have donated time and services to the Foundation. The value of these services has not been recorded in the financial statements because they do not meet the definition of recognition under generally accepted accounting principles.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

## Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2009 and 2008

### Note 2 – Summary of Significant Accounting Policies - continued

#### Investments

Investments in marketable securities and in debt securities are reported at their fair values in the statements of financial position. The fair value of mutual funds and exchange traded funds is based on quoted market prices in active markets (all Level 1 measurements). Investment gains and losses are included in the statements of activities.

#### Unconditional Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at estimated fair value which is the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

#### Deferred Revenue

Revenue received for a special event which will occur in a future year is recorded as deferred revenue.

#### Board-Designated Net Assets

The board-designated endowment fund is an internally designated fund created so net assets will be permanently invested.

#### Grants

The Foundation provides funding to various programs involved in youth and educational activities.

#### Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized by function based on evaluation of the related benefit by management in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **Albuquerque Rotary Charitable Foundation**

Notes to Financial Statements

June 30, 2009 and 2008

### **Note 2 – Summary of Significant Accounting Policies - continued**

#### Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as “other than a private foundation.”

The Foundation has elected to defer the provisions of FASB ASC 740-10 (formerly FIN 48, Accounting for Income Taxes) under the provisions of FASB ASC 740-10 (formerly FSP FIN 48-3). The Foundation records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. We continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

#### Use of Estimates

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

#### Advertising

The Foundation expenses advertising costs as incurred. For the years ended June 30, 2009 and 2008, the donated advertising costs totaled \$56,904 and \$64,000, respectively.

### **Note 3 – Investment Policy**

The Foundation’s investment policy goal is that investment returns provide adequate income to fund the Foundation’s spending policy while preserving corpus. The spending policy is as follows: a) honor existing annual financial commitments related to temporarily restricted net assets, b) net proceeds of Rotary Club of Albuquerque annual fund raiser will be spent for charitable purposes and c) current percentage to be spent each year not to exceed 5% of the average of the prior twelve quarters of total fund assets.

Volatility and risk will be mitigated by maintaining a diversified portfolio of stocks, bonds, government securities, cash and/or alternative investments within defined parameters.

## Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2009 and 2008

### Note 3 – Investment Policy - continued

The Investment Committee, subject to the overall responsibility and direction of the Board of Directors, will supervise the investment of the various funds of the Foundation and report to the Board of Directors. The Investment Committee will develop investment objectives and communicate such investment objectives and appropriate guidelines to the investment financial advisors and managers engaged by the Foundation.

### Note 4 – Investments

In June, 2009, the Foundation sold all of its investment holdings in order to consolidate the investments with one new investment manager. These funds were reinvested subsequent to June 30, 2009.

Investments consist of mutual funds and exchange traded funds and are stated at fair value as follows at June 30, 2008:

<u>June 30, 2008</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mutual Funds	\$ 944,435	\$ 1,042,458	\$ 98,023
Exchange Traded Funds	73,883	104,778	30,895
Total	<u>\$ 1,018,318</u>	<u>\$ 1,147,236</u>	<u>\$ 128,918</u>

The following summarizes investment income for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Investment income		
Dividend and interest income	\$ 25,099	\$ 58,940
Realized gain/(loss)	(253,033)	25,249
Unrealized loss	-	(119,147)
Investment fee expense	(4,631)	(5,657)
	<u>\$ (232,565)</u>	<u>\$ (40,615)</u>

### Note 5 – Unconditional Promises to Give

The unconditional promises to give are related to an ongoing, planned giving campaign called the Guardian Society. All unconditional promises to give are expected to be collected. The promises to give are expected to be collected in more than five years.

## Albuquerque Rotary Charitable Foundation

### Notes to Financial Statements

June 30, 2009 and 2008

#### Note 5 – Unconditional Promises to Give - continued

Unconditional promises to give as of June 30, 2009 and 2008 are summarized as follows:

	2009	2008
Promises due in more than five years	\$ 180,000	\$ 180,000
Unamortized discount	(111,007)	(115,379)
	<u>\$ 68,993</u>	<u>\$ 64,621</u>

The discount was calculated using the prime rate of the Federal Reserve Board at the time of the pledges which varies from 4% to 9.23%. The discount will be amortized over the collection period of the unconditional promises to give.

#### Note 6 – Temporarily Restricted Net Assets

Net assets temporarily restricted due to purpose as of June 30, 2009 and 2008 are summarized as follows:

	2009	2008
Children's Garden Fund	\$ 62,291	\$ 78,286
Natural History Museum Fund	46,260	59,425
Wilkinson Scholarship Fund	24,920	30,676
International Service Fund	17,555	500
River Park Fund	207	2,807
To be received in periods after year end	68,993	64,621
	<u>\$ 220,226</u>	<u>\$ 236,315</u>

Net assets were released from donor restrictions by incurring expenses and satisfying the purpose or time restrictions specified by donors as follows for the years ended June 30, 2009 and 2008:

	2009	2008
International Service Fund	\$ 3,000	\$ -
River Park Fund	2,600	-
Natural History Museum Fund	-	3,500
Children's Fantasy Garden	-	3,000
Unconditional promise to give	-	1,982
Wilkinson Scholarship Fund	-	1,500
	<u>\$ 5,600</u>	<u>\$ 9,982</u>

## Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2009 and 2008

### Note 7 – Special Fund Raising Event

In fiscal year 2009, the Foundation in conjunction with the Rotary Club of Albuquerque held two fundraising events; the Family Fun Fiesta and the Spring Fling. In fiscal year 2008, the Foundation, in conjunction with the Rotary Club of Albuquerque, put on a fund raising event called the Rubber Duck Pluck. The attendees of these events purchase a ticket and potentially make additional contributions to the Foundation. In connection with these events, the Foundation received in-kind contributions of prizes and contributions of radio and television air-time. The cost of direct benefit to donors represents the prizes that were awarded to the attendees of the event.

The net results from these events are summarized below for the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
In-kind contributions	\$ 83,559	\$ 108,510
Event revenue	<u>71,789</u>	<u>67,196</u>
Total revenue	155,348	175,706
Cost of direct benefit to donors	7,655	10,610
Utilization of in-kind contributions	75,904	97,900
Expenditures on event	<u>36,951</u>	<u>34,154</u>
Total expenses	<u>120,510</u>	<u>142,664</u>
Net special fund raising event	<u>\$ 34,838</u>	<u>\$ 33,042</u>

Each year the Foundation names a primary grantee to receive a grant of up to 50% of the net proceeds from the special fund raising event.

The primary grantee for the year ending June 30, 2009 was RCI, Inc. and for year ending June 30, 2008 was Roadrunner Food Bank.

## Albuquerque Rotary Charitable Foundation

### Notes to Financial Statements

June 30, 2009 and 2008

#### Note 8 – Grants

Grants made for the years ended June 30, 2009 and 2008 are summarized as follows:

	<u>2009</u>	<u>2008</u>
RCI, Inc.	\$ 22,000	-
Roadrunner Food Bank	-	18,000
Youth Literacy	8,652	9,262
International Service	4,000	8,500
River Park	2,600	-
New Mexico Museum of Natural History	2,000	3,500
UNM Presidential Scholarship	2,000	-
Various youth activities and scholarships	10,000	6,500
Children’s Fantasy Garden	-	3,000
Total grants	<u>\$ 51,252</u>	<u>\$ 48,762</u>

#### Note 9 – Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration consist principally of cash and investments. The Foundation places its investments with financial institutions and investment brokerage firms. Investments with financial institutions are federally insured and investments held by investment brokerage firms are insured by the brokerage firm. The Foundation uses investment managers to invest some of the Foundation investments. The Foundation may occasionally maintain balances in financial institutions in excess of federally insured limits.

#### Note 10 – Subsequent Events

The Foundation purchased investments subsequent to June 30, 2009 of \$1,000,001.

Management has evaluated subsequent events through February 4, 2010, the date which the financial statements were available to be issued.