

ALBUQUERQUE ROTARY CHARITABLE FOUNDATION

COMPILED FINANCIAL STATEMENTS

Years Ended June 30, 2011 and 2010

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statement of Activities - June 30, 2011.....	3
Statement of Activities - June 30, 2010.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-12

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Albuquerque Rotary Charitable Foundation
Albuquerque, New Mexico

We have compiled the accompanying statement of financial position of Albuquerque Rotary Charitable Foundation (a nonprofit organization) as of June 30 2011, and the related statements of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The financial statements as of June 30, 2010, were compiled by Broderick & Company, LLC, who merged with Phillippi, Wright & Company, LLC as of August 1, 2011, and whose report dated January 19, 2011, stated that they have not audited or reviewed the 2010 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Broderick, Phillippi, Wright & Comunas, LLC

Broderick, Phillippi, Wright & Comunas, LLC
November 21, 2011

Albuquerque Rotary Charitable Foundation

Statements of Financial Position

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 63,402	\$ 113,274
Prepaid expenses	1,665	975
Investments	1,141,348	958,800
Unconditional promises to give	<u>106,962</u>	<u>101,620</u>
TOTAL ASSETS	<u><u>\$ 1,313,377</u></u>	<u><u>\$ 1,174,669</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 6,073	\$ 5,000
Deferred revenue	<u>19,300</u>	<u>23,450</u>
TOTAL LIABILITIES	25,373	28,450
NET ASSETS		
Unrestricted		
Undesignated	570,796	511,684
Board designated endowment fund	<u>437,336</u>	<u>383,395</u>
Total unrestricted	1,008,132	895,079
Temporarily restricted	<u>279,872</u>	<u>251,140</u>
TOTAL NET ASSETS	<u><u>1,288,004</u></u>	<u><u>1,146,219</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,313,377</u></u>	<u><u>\$ 1,174,669</u></u>

See accompanying notes and independent accountants' compilation report.

Albuquerque Rotary Charitable Foundation

Statement of Activities
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Special fundraising event revenue			
In-kind contributions	\$ 9,300	\$ -	\$ 9,300
Special event revenue	59,862	-	59,862
Total special fundraising event revenue	<u>69,162</u>	<u>-</u>	<u>69,162</u>
Investment income	130,353	22,195	152,548
Contributions	6,655	10,537	17,192
Net assets released from restriction	<u>4,000</u>	<u>(4,000)</u>	<u>-</u>
Total revenues and other support	210,170	28,732	238,902
EXPENSES			
Program services			
Grants	59,437	-	59,437
Costs of direct benefits to donors	13,983	-	13,983
Supporting services			
Fundraising - special event			
Utilization in-kind contributions	9,300	-	9,300
Expenditures	4,631	-	4,631
Total fundraising	<u>13,931</u>	<u>-</u>	<u>13,931</u>
General and administrative	<u>9,766</u>	<u>-</u>	<u>9,766</u>
Total expenses	<u>97,117</u>	<u>-</u>	<u>97,117</u>
Changes in net assets	113,053	28,732	141,785
NET ASSETS, BEGINNING OF YEAR	<u>895,079</u>	<u>251,140</u>	<u>1,146,219</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,008,132</u></u>	<u><u>\$ 279,872</u></u>	<u><u>\$ 1,288,004</u></u>

See accompanying notes and independent accountants' compilation report.

Albuquerque Rotary Charitable Foundation

Statement of Activities
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Special fundraising event revenue			
In-kind contributions	\$ 8,939	\$ -	\$ 8,939
Special event revenue	66,114	-	66,114
Total special fundraising event revenue	<u>75,053</u>	<u>-</u>	<u>75,053</u>
Investment income	11,802	2,037	13,839
Contributions	27,833	32,877	60,710
Net assets released from restriction	<u>4,000</u>	<u>(4,000)</u>	<u>-</u>
Total revenues and other support	118,688	30,914	149,602
EXPENSES			
Program services			
Grants	46,061	-	46,061
Costs of direct benefits to donors	24,222	-	24,222
Supporting services			
Fundraising - special event			
Utilization in-kind contributions	8,939	-	8,939
Expenditures	5,465	-	5,465
Total fundraising	<u>14,404</u>	<u>-</u>	<u>14,404</u>
General and administrative	<u>8,309</u>	<u>-</u>	<u>8,309</u>
Total expenses	<u>92,996</u>	<u>-</u>	<u>92,996</u>
Changes in net assets	25,692	30,914	56,606
NET ASSETS, BEGINNING OF YEAR	<u>869,387</u>	<u>220,226</u>	<u>1,089,613</u>
NET ASSETS, END OF YEAR	<u>\$ 895,079</u>	<u>\$ 251,140</u>	<u>\$ 1,146,219</u>

See accompanying notes and independent accountants' compilation report.

Albuquerque Rotary Charitable Foundation

Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 141,785	\$ 56,606
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Net (gain) loss on investments	(129,613)	6,825
Amortization of discount on unconditional promises to give	(5,342)	(4,425)
Changes in operating assets and liabilities		
Prepaid expenses	(690)	513
Unconditional promises to give	-	(28,202)
Accounts payable	1,073	(2,000)
Deferred revenue	(4,150)	4,674
	<u>3,063</u>	<u>33,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of investments	-	659,643
Purchases of investments	(52,935)	(1,625,268)
	<u>(52,935)</u>	<u>(965,625)</u>
Cash used by investing activities	<u>(52,935)</u>	<u>(965,625)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(49,872)	(931,634)
Cash and cash equivalents, beginning of year	<u>113,274</u>	<u>1,044,908</u>
Cash and cash equivalents, end of year	<u>\$ 63,402</u>	<u>\$ 113,274</u>

See accompanying notes and independent accountants' compilation report.

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE A - 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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review

The Foundation has evaluated subsequent events through November 21, 2011, which is the date the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2011. Management believes that no material subsequent events have arisen that would require additional disclosure or accrual.

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, 2011 or 2010.

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.

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Investments

Investments in marketable securities and in debt securities are reported at their fair values based on quoted market prices in active markets (all Level 1 measurements) in the statements of financial position. Investment gains and losses are included in the statement 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. Any principal added to the endowment fund shall become part of the principal thereof and shall not be used or expended for any purpose other than investment growth and income production. In accordance with board policy, all or some portion of the endowment fund income may be used for the financial support of the Foundation's programs, projects and activities.

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, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Therefore, no provision for income taxes has been included in these financial statements.

The Foundation's income tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2007 to 2011. The Foundation believes that it has appropriate support for any tax position taken and as such, does not have any uncertain tax positions that are material to the 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 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, 2011 and 2010, there were no advertising costs.

NOTE C - FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. All of the Foundation's investments are Level 1 in 2011 and 2010.

NOTE D - ENDOWMENT INVESTMENT AND SPENDING 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 and b) the current percentage to be spent each year is not to exceed 5% of the General Unrestricted Fund as measured on December 31 of the preceding calendar year.

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE D - ENDOWMENT INVESTMENT AND SPENDING POLICY - CONTINUED

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

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 manager engaged by the Foundation.

Endowment net asset composition by type of fund is as follows for June 30, 2011 and 2010:

	2011	2010
Unrestricted board designated funds	<u>\$ 437,336</u>	<u>\$ 383,395</u>

Changes in endowment net assets as of June 30, 2011 and 2010 are as follows:

	2011	2010
Endowment net assets, beginning of year	<u>\$ 383,395</u>	<u>\$ 378,311</u>
Investment income	8,631	9,032
Net realized gain (loss)	45,310	(3,948)
Endowment net assets, end of year	<u>\$ 437,336</u>	<u>\$ 383,395</u>

NOTE E - INVESTMENTS

Investments consist of mutual funds and are stated at fair value as follows:

	Cost	Fair Value	Unrealized Gain
<u>June 30, 2011</u> Mutual Funds	<u>\$ 1,024,206</u>	<u>\$ 1,141,348</u>	<u>\$ 117,142</u>
<u>June 30, 2010</u> Mutual Funds	<u>\$ 969,525</u>	<u>\$ 958,800</u>	<u>\$ (10,725)</u>

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE E - INVESTMENTS - CONTINUED

The following summarizes investment income for the years ended June 30, 2011 and 2010:

	2011	2010
Investment income		
Dividend and interest income	\$ 22,935	\$ 20,689
Realized gain	1,746	3,900
Unrealized gain (loss)	127,867	(10,725)
Investment fee expense	-	(25)
	<u>\$ 152,548</u>	<u>\$ 13,839</u>

NOTE F - 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 are expected to be collected in more than five years.

Unconditional promises to give as of June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Promises due in more than five years	\$ 210,000	\$ 210,000
Unamortized discount	(103,038)	(108,380)
	<u>\$ 106,962</u>	<u>\$ 101,620</u>

The discount was calculated using the prime rate of the Federal Reserve Board at the time of the pledges which varies from 2% to 9.23%. The discount will be amortized over the collection period of the unconditional promises to give.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Net assets temporarily restricted due to purpose as of June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Children's Garden Fund	\$ 71,237	\$ 61,224
Natural History Museum Fund	49,832	45,028
Wilkinson Scholarship Fund	26,761	25,406
International Service Fund	24,843	17,655
River Park Fund	237	207
To be received in periods after year end	106,962	101,620
	<u>\$ 279,872</u>	<u>\$ 251,140</u>

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE G - TEMPORARILY RESTRICTED NET ASSETS - CONTINUED

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Wilkinson Scholarship Fund	\$ 2,000	\$ -
Natural History Museum Fund	2,000	2,000
Children's Garden Fund	-	2,000
	<u>\$ 4,000</u>	<u>\$ 4,000</u>

NOTE H - GRANTS

Grants made for the years ended June 30, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Roadrunner Food Bank	\$ 19,750	\$ 17,000
International Service	7,000	7,000
Youth Literacy	5,225	5,999
UNM Presidential Scholarship	2,600	2,000
New Mexico Museum of Natural History	2,000	2,000
Wilkinson Scholarship Fund	2,000	-
Children's Fantasy Garden	-	2,000
Various youth activities and scholarships	20,862	10,062
	<u>\$ 59,437</u>	<u>\$ 46,061</u>

NOTE I - SPECIAL FUND-RAISING EVENT

In fiscal year 2011, the Foundation, in conjunction with the Rotary Club of Albuquerque, held one fundraising event: the Golf Tournament. In fiscal year 2010, the Foundation, in conjunction with the Rotary Club of Albuquerque, held two fundraising events: Golf Tournament and the Wine Auction. 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. The cost of direct benefit to donors represents the prizes that were awarded to the attendees of the event.

Albuquerque Rotary Charitable Foundation

Notes to Financial Statements

June 30, 2011 and 2010

NOTE I - SPECIAL FUND-RAISING EVENT - CONTINUED

The net results from these events are summarized below for the years ended June 30, 2011 and 2010 as follows:

	2011	2010
In-kind contributions	\$ 9,300	\$ 8,939
Event revenue	59,862	66,114
Total revenue	<u>69,162</u>	<u>75,053</u>
Cost of direct benefit to donors	13,983	24,222
Utilization of in-kind contributions	9,300	8,939
Expenditures on event	4,631	5,465
Total expenses	<u>27,914</u>	<u>38,626</u>
Net special event fund-raising even	<u>\$ 41,248</u>	<u>\$ 36,427</u>

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

The primary grantee for the year ending June 30, 2011 and 2010 was Roadrunner Food Bank.

NOTE J - CONCENTRATION OF CREDIT RISK

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