District Finance Committee Resource Guide

Rotary International

As Rotary International works with clubs and districts in over 200 countries and geographical areas, this resource was developed as a general guide for financial practices. It is the responsibility of clubs and districts to localize this information to make it relevant to the countries in which they operate.

The *District Finance Committee Resource Guide* is produced by the Leadership Education and Training Division of Rotary International. If you have questions or comments, please submit them to:

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Role and Responsibilities

Members of the district finance committee are responsible for supervising the district fund. They work closely with both the district governor and clubs in their district. Their duties include:

- Reviewing the per capita levy and district administrative expenses
- Preparing a district budget in cooperation with the district governor
- Ensuring that income and expense records are kept according to district operating procedures, RI guidelines, and local and national laws
- Preparing the yearly financial report to be presented at the district assembly
- Ensuring that all local and national laws pertaining to service clubs are followed, including tax codes for fundraising

Working with the District Governor

The district governor is responsible for providing an annual report on district finances to all Rotary clubs in the district. The district finance committee may be asked to assist in preparing the report. This report should be independently reviewed by a qualified accountant or a district audit committee and given to each club within three months of the end of the Rotary year.

Toward the end of the year, the district finance committee works with the governor to prepare a budget for the upcoming year. This budget should be submitted to clubs at least four weeks before the district assembly, where club presidents-elect will vote whether to approve it.

The district governor also helps ensure that clubs are in good financial standing with Rotary International, a responsibility that includes encouraging clubs pay their RI per capita dues on time and with the proper documentation. The district finance committee can support this process by working with clubs to make sure they have a process for collecting RI, district and club dues and sending each to the appropriate place. Each month the district governor receives the Club Balance by District report via e-mail from Rotary International. This report lists the current amount of dues each club owes to Rotary International. Contact your district's RI finance representative with questions about this report.

Taxes

Check with local and national tax codes to determine which forms the district or clubs must file. If a district or club is incorporated, for example, it may need to file additional tax forms. Committee members can help educate clubs in the district about these requirements.

All clubs in the United States are required by law to submit an informational return to the Internal Revenue Service every year. Contact the IRS for more information.

Fundraising

Most Rotary clubs and districts engage in fundraising. Be sure to stress these important points with clubs and fellow district leaders:

- Clubs and districts must report money earned from fundraising to their local government.
- When promoting fundraising initiatives, clubs and districts should be very specific about where the funds will go, whether it is to a local club, the district's own foundation, The Rotary Foundation, or some other entity.
- If a fundraiser qualifies as a tax-deductible event, the club or district may need to issue receipts to donors.
- The process for submitting club and district contributions to The Rotary Foundation is different from submitting dues to Rotary International.

Working with Clubs

The district finance committee should promote transparent financial practices among Rotary clubs, with clear oversight by the club and district boards. Facilitate clear communication on financial matters among the district governor, clubs, and their respective financial contacts at Rotary International. Assist club and district leaders in creating budget and balance sheets, evaluating assets, reviewing accounting and billing systems, and sending financial statements to members.

Work with club presidents, secretaries, and treasurers to help them understand RI bank account details, monthly RI exchange rates, the RI collection cycle, and the dues payment process, including the distinction between RI and district dues. Encourage them to set up a schedule for dues payments to RI following receipt of the semiannual report (SAR), which is sent to the club secretary in July and January of each year. If a club doesn't receive its report, the secretary should contact data@rotary.org.

Committee members may also help clubs and districts understand their financial reporting and stewardship responsibilities. Emphasize the importance of knowing local laws pertaining to service clubs, which may include tax codes, prohibition on certain activities, registration requirements for specific government offices, and third-party reviews or audits of financial records.

Resource

Refer to the *District Committee Manual* (249-EN) for additional information about the responsibilities of the district finance committee.

Financial Management Best Practices Checklist

Completing the items on this checklist can help you ensure transparent and professional financial practices at both the club and district levels. Make sure to share all pertinent information about local laws and regulations with clubs in the district.

- ☐ Register the club/district with the government, if required.
- ☐ Submit club/district tax documentation annually, if required by the local or national tax code.
- ☐ Set up club/district bank accounts appropriately, and assign two signatories to each account.
- ☐ Establish procedures for handling club/district funds.
- ☐ Develop a budget and follow it.
- ☐ Review the per capita levy, and ensure that it meets district needs.
- ☐ Make sure the club/district has a procedure for sending contributions to The Rotary Foundation and dues to Rotary International.
- ☐ Be aware of local laws regarding donated funds, and make sure those laws are being followed.
- ☐ Have the yearly financial report reviewed by a qualified accountant who is not involved with the regular management of club/district funds.
- ☐ Ensure that the club/district has an effective way to learn about financial best practices and that these practices are passed on to incoming officers every year.