

**Louisiana-Mississippi-West Tennessee
District of Kiwanis International, Inc.
(A Non-Profit Organization)
Baton Rouge, Louisiana
September 30, 2013**

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Independent Accountant's Review Report

The Officers and Board of Directors
Louisiana-Mississippi-West Tennessee
District of Kiwanis International, Inc.
Baton Rouge, Louisiana

We have reviewed the accompanying statement of assets, liabilities and net assets - income tax basis of Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc. (a nonprofit organization) as of September 30, 2013, and the related statement of revenue, expenses and changes in net assets - income tax basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 the income tax basis of accounting, as described in Note 2.

Hawthorn, Waymouth & Carroll, LLP

March 11, 2014

Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc.
Statement of Assets, Liabilities and Net Assets - Income Tax Basis
September 30, 2013
(See Accountant's Review Report)

| | <u>Kiwanis Operating</u> | <u>Kiwanis Convention</u> | <u>Total Kiwanis</u> | <u>Key Club</u> | <u>Circle K</u> | <u>Bull Alligators</u> | <u>Total All Funds</u> |
|-----------------------------------|------------------------------|-------------------------------|--------------------------|---------------------|---------------------|----------------------------|----------------------------|
| ASSETS | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | <u>\$ 40,542</u> | <u>\$ 11,095</u> | <u>\$ 51,637</u> | <u>\$ 51,396</u> | <u>\$19,335</u> | <u>\$3,657</u> | <u>\$126,025</u> |
| Fixed Assets | | | | | | | |
| Furniture and equipment | 28,665 | 7,284 | 35,949 | 19,648 | 442 | - | 56,039 |
| Less depreciation | <u>(28,665)</u> | <u>(7,284)</u> | <u>(35,949)</u> | <u>(19,648)</u> | <u>(442)</u> | <u>-</u> | <u>(56,039)</u> |
| Total fixed assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 40,542</u> | <u>\$ 11,095</u> | <u>\$ 51,637</u> | <u>\$ 51,396</u> | <u>\$19,335</u> | <u>\$3,657</u> | <u>\$126,025</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current Liabilities | | | | | | | |
| Payroll taxes withheld | \$ 4,272 | \$ - | \$ 4,272 | \$ - | \$ - | \$ - | \$ 4,272 |
| Net Assets | | | | | | | |
| Unrestricted | <u>36,270</u> | <u>11,095</u> | <u>47,365</u> | <u>51,396</u> | <u>19,335</u> | <u>3,657</u> | <u>121,753</u> |
| Total liabilities and net assets | <u>\$ 40,542</u> | <u>\$ 11,095</u> | <u>\$ 51,637</u> | <u>\$ 51,396</u> | <u>\$19,355</u> | <u>\$3,657</u> | <u>\$126,025</u> |

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

Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc.
Statement of Revenue, Expenses and Changes in Net Assets - Income Tax Basis
Year Ended September 30, 2013
(See Accountant's Review Report)

| | <u>Kiwanis Operating</u> | <u>Kiwanis Convention</u> | <u>Total Kiwanis</u> | <u>Key Club</u> | <u>Circle K</u> | <u>Bull Alligators</u> | <u>Total All Funds</u> |
|--|------------------------------|-------------------------------|--------------------------|---------------------|---------------------|----------------------------|----------------------------|
| UNRESTRICTED | | | | | | | |
| Revenue | | | | | | | |
| Dues | \$ 142,270 | \$ 8,184 | \$150,454 | \$ 51,628 | \$ 1,660 | \$1,555 | \$205,297 |
| Registration | - | - | - | 91,070 | 5,930 | - | 97,000 |
| District projects | - | - | - | 4,858 | - | - | 4,858 |
| Conventions and conferences | - | 66,096 | 66,096 | 12,600 | - | - | 78,696 |
| Other income | 15,625 | 10,183 | 25,808 | 143 | 210 | 30 | 26,191 |
| Interest and gain on investments | 251 | 1 | 252 | 127 | 34 | 1 | 414 |
| Foundation assistance | 4,500 | - | 4,500 | 3,000 | 1,000 | - | 8,500 |
| Total revenue | <u>162,646</u> | <u>84,464</u> | <u>247,110</u> | <u>163,426</u> | <u>8,834</u> | <u>1,586</u> | <u>420,956</u> |
| Expenses | | | | | | | |
| Travel expenses | | | | | | | |
| Governor | 3,233 | - | 3,233 | 550 | 1,132 | - | 4,915 |
| Governor-elect | 9,184 | - | 9,184 | - | - | - | 9,184 |
| Immediate-past governor | 750 | - | 750 | 500 | - | - | 1,250 |
| Secretary/treasurer | 1,912 | - | 1,912 | 550 | 167 | - | 2,629 |
| Lieutenant governor | 3,580 | - | 3,580 | 7,034 | 50 | - | 10,664 |
| Lieutenant governor elect | 2,095 | - | 2,095 | - | - | - | 2,095 |
| District Chairmen | 4,711 | - | 4,711 | - | - | - | 4,711 |
| Circle K administrator | - | - | - | - | 421 | - | 421 |
| Salaries and benefits | 103,097 | - | 103,097 | - | - | - | 103,097 |
| Office expenses - District office | 43,881 | - | 43,881 | 7,082 | 385 | 303 | 51,651 |
| Awards and recognitions | - | 4,145 | 4,145 | - | 4,459 | - | 8,604 |
| Meetings and conferences | 3,195 | 58,139 | 61,334 | 142,914 | 7,869 | 206 | 212,323 |
| Bank charges | - | 3,886 | 3,886 | - | - | - | 3,886 |
| Other | 100 | 7,536 | 7,636 | 13,150 | 50 | 100 | 20,936 |
| Total expenses | <u>175,738</u> | <u>73,706</u> | <u>249,444</u> | <u>171,780</u> | <u>14,533</u> | <u>609</u> | <u>436,366</u> |
| Increase (Decrease) in Net Assets | (13,092) | 10,758 | (2,334) | (8,354) | (5,699) | 977 | (15,410) |
| Unrestricted Net Assets, September 30, 2012 | 48,362 | 1,337 | 49,699 | 59,750 | 25,034 | 2,680 | 137,163 |
| Transfers | <u>1,000</u> | <u>(1,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Unrestricted Net Assets, September 30, 2013 | <u>\$ 36,270</u> | <u>\$11,095</u> | <u>\$ 47,365</u> | <u>\$ 51,396</u> | <u>\$19,335</u> | <u>\$3,657</u> | <u>\$121,753</u> |

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

Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc.
Notes to Financial Statements
September 30, 2013

Note 1-Nature of Operations

Louisiana, Mississippi, West Tennessee District of Kiwanis International Inc., is affiliated with Kiwanis International and is a non-profit organization which provides local community service. The majority of its revenue comes from membership dues and convention registration fees.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc. have been prepared on the basis of accounting used for income tax reporting. That basis differs from generally accepted accounting principles primarily because the organization does not recognize balances of accounts receivable and accounts payable and their related effects on revenue and expenses. Also, investments are shown at cost rather than fair value. The effect of the differences, if any, has not been determined.

B. Fixed Assets

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Fixed assets are recorded at cost and depreciated over their useful lives, principally five years or seven years, using the straight-line method.

C. Temporarily and Permanently Restricted Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to (a) later periods of time or other specific dates, or (b) specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Organization's use of the asset. When a donor 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 revenue, expenses and changes in net assets - income tax basis as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. The Organization had no temporarily or permanently restricted net assets at September 30, 2013.

D. Designated Net Assets

Unrestricted funds set aside for specific purposes as provided for in the district bylaws or by action of the Board of Trustees are recorded in a group of accounts under the heading, "Designated Net Assets." Such designations may be rescinded through bylaw amendments or by trustee action. The Organization had no designated net assets at September 30, 2013.

Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc.
Notes to Financial Statements
September 30, 2013

Note 2-Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3-Affiliated Organizations

The organizations included in the financial statements are all members of Kiwanis International. All of the individual Kiwanis Clubs, Key Clubs and Circle K Clubs within the District pay dues to each corresponding district organization. None of the individual member clubs' financial affairs are included in these financial statements.

Note 4-Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501 (c)(4) of the Internal Revenue Code and is exempt from federal and state income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization has been classified as an organization other than a private foundation.

The Organization adopted the accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. From time to time, the Organization may be subject to interest and penalties assessed by various taxing authorities. These amounts have historically been insignificant and are classified as other expenses when they occur.

The Organization evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before September 30, 2010.

Note 5-Operating Lease

The Organization rents an office facility under an operating lease agreement. The lease is on a month-to-month basis. Rent expense was \$12,000 for the year ended September 30, 2013 and is included in district office expense.

Note 6-Pension Plan

The Organization sponsors a defined contribution pension plan. Contributions to the plan for the fiscal year ended September 30, 2013 were \$2,500.

Louisiana-Mississippi-West Tennessee District of Kiwanis International, Inc.
Notes to Financial Statements
September 30, 2013

Note 7-Concentrations

The Organization's members are located in its district which covers Louisiana, Mississippi and West Tennessee. The majority of the Organization's revenue comes from membership dues and convention registration fees.

Note 8-Functional Classification of Expenses

Based on the criteria for expense allocation established by management, the Organization's functional expenses for the year ended September 30, 2013 were as follows:

| | |
|----------------------------|------------------|
| Program services | \$215,951 |
| General and administrative | <u>220,415</u> |
| | <u>\$436,366</u> |

Note 9-Subsequent Events

The Organization evaluated all subsequent events through March 11, 2014, the date that the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.