

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**Financial Statements  
and  
Independent Auditor's Report**

**For the Years Ended  
September 30, 2017 and 2016**

Tentative Report  
for Discussion Purposes Only -  
Subject to Revision

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

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September 30, 2017 and 2016**

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Tentative Report  
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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
California-Nevada-Hawaii  
District of Kiwanis International  
Rancho Cucamonga, CA

We have audited the accompanying financial statements of California-Nevada-Hawaii District of Kiwanis International (the District), a California nonprofit organization, which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, and cash flows for the years 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.

Board of Trustees  
California-Nevada-Hawaii  
District of Kiwanis International

**Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the District as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP  
Glendora, CA  
January 26, 2018

Tentative Report  
for Discussion Purposes Only  
Subject to Revision

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**STATEMENTS OF FINANCIAL POSITION  
September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 27,901	\$ 34,696
Investments	73,926	69,973
Accounts Receivable	22,597	17,965
Prepaid expenses	28,041	44,890
Deposits	11,328	6,235
Inventory	<u>12,564</u>	<u>1,284</u>
Total current assets	<u>176,357</u>	<u>175,043</u>
<b>LONG-TERM ASSETS:</b>		
Property, plant and equipment, net	<u>17,527</u>	<u>28,861</u>
Total long-term assets	<u>17,527</u>	<u>28,861</u>
Total assets	<u>\$ 193,884</u>	<u>\$ 203,904</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 89,755	\$ 112,409
Deferred revenue, current portion	<u>21,347</u>	<u>41,215</u>
Total current liabilities	<u>111,102</u>	<u>153,624</u>
<b>LONG-TERM LIABILITIES:</b>		
Life member deferred revenue, long-term portion	<u>33,494</u>	<u>37,254</u>
Total long-term liabilities	<u>33,494</u>	<u>37,254</u>
<b>NET ASSETS:</b>		
Unrestricted	33,156	(3,823)
Temporarily restricted	<u>16,132</u>	<u>16,849</u>
Total net assets	<u>49,288</u>	<u>13,026</u>
Total liabilities and net assets	<u>\$ 193,884</u>	<u>\$ 203,904</u>

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

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**STATEMENTS OF ACTIVITIES  
For the Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Support and revenue</b>		
Member dues	\$ 564,476	558,207
District convention	189,681	193,323
Mid-year conferences	78,354	96,619
Investment income/(loss)	4,774	7,032
Sponsored organizations and support	99,250	99,250
Cal-Nev-Ha foundation and support	33,801	33,974
District sales items	42,440	35,295
Programs and other	40,161	25,029
Total unrestricted support and revenue	<u>1,052,937</u>	<u>1,048,729</u>
<b>Net assets released from restriction</b>		
Satisfaction of program restrictions	89,369	77,601
Total unrestricted revenue	<u>1,142,306</u>	<u>1,126,330</u>
<b>EXPENSES:</b>		
Staff salaries and benefits	377,103	373,184
Office - general and administrative	154,383	166,598
Officers reimbursements	97,914	108,066
Depreciation	8,051	8,243
Programs and other activities:		
Committees	4,990	4,094
Sponsored organizations and programs	31,786	30,688
Cal-Nev-Ha publication	8,546	-
District convention	141,653	122,189
International convention	31,766	23,191
Mid-year conferences	69,499	96,980
District sales items	35,000	29,926
Program and other	144,636	155,095
Total expenses	<u>1,105,327</u>	<u>1,118,254</u>
Change in unrestricted net assets	<u>36,979</u>	<u>8,076</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions for rose float	88,652	84,270
Net assets released from restrictions	<u>(89,369)</u>	<u>(77,601)</u>
Change in temporarily restricted net assets	<u>(717)</u>	<u>6,669</u>
Increase (decrease) in net assets	36,262	14,745
Net assets, beginning of year	<u>13,026</u>	<u>(1,719)</u>
Net assets, end of year	<u>\$ 49,288</u>	<u>\$ 13,026</u>

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

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
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**STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 36,262	\$ 14,745
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,051	8,243
Net unrealized and realized (gains) losses on investments	(2,793)	(4,491)
Loss on disposal of property, plant, and equipment	3,283	1,937
Net amortization of life membership	(3,760)	(1,688)
Change in operating assets:		
Accounts Receivable	(4,632)	1,486
Prepaid expenses	16,849	(17,887)
Deposits	(5,093)	2,190
Inventory	(11,280)	6,258
Change in operating liabilities:		
Accounts payable and accrued liabilities	(22,654)	19,380
Deferred revenue, current portion	(19,868)	(21,545)
Net cash flows from operating activities	(5,635)	8,628
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>		
Net (purchase) sale of investments	(1,160)	(1,973)
Purchases of property, plant and equipment	-	(7,411)
Net cash flows from investing activities	(1,160)	(9,384)
Net change in cash and cash equivalents	(6,795)	(756)
Cash and cash equivalents at the beginning of the year	34,696	35,452
Cash and cash equivalents at the end of the year	\$ 27,901	\$ 34,696

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

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 1: ORGANIZATION**

The California-Nevada-Hawaii District of Kiwanis International (District) is the affiliate for the states of California, Nevada and Hawaii to Kiwanis International (Kiwanis). Kiwanis was founded on January 21, 1915, and is a worldwide nonprofit service organization for individuals desiring personal involvement in the leadership and improvement of their communities. Kiwanis performs local community service such as assistance to youth and aging, conservation of natural resources, development of community facilities, and creation of international understanding and goodwill. The activities of Kiwanis include conventions and meetings for Kiwanis members to provide a forum to interact and share ideas. Conventions are motivational and involve a wide range of topics from community service to administrative matters. Kiwanis and the District also sponsor three youth organizations similar to itself: Cal-Nev-Ha District of Circle K International for college students, Cali-Nev-Ha District of Key Club International for high school students, and Cal-Nev-Ha KIWIN's District of Key Club International for high school students. These three organizations along with Aktion, K-Kids, and Builders Clubs are collectively referred to as the "Service Leadership Programs". The accounts of those separate organizations are not included in the accompanying financial statements.

The District is also related to the Kiwanis Cal-Nev-Ha Foundation whose directors are elected by the District Board of Trustees, and are officers or past officers of the District.

The District's office is located at 8360 Red Oak Street, Suite 201 in Rancho Cucamonga, California.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

***Financial Statement Presentation*** - The District is required to report information regarding its financial positions and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

***Recognition of Support and Revenue*** - All items of support and revenue are recognized as income when earned, unless restricted by the donor for a particular purpose. In those instances, revenue is deemed to be earned when the District has incurred expenses in compliance with the specific restrictions.

***Contributions*** - Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.



**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation*** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the District and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the District and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the resources be maintained permanently, but permitting the use of the income (or other economic benefits) derived from the donated assets.

***Cash and Cash Equivalents*** - The District considers all unrestricted and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

***Property and Equipment*** - Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives of five to ten years. Expenditures which do not extend the useful lives of the assets are charged to expense when incurred. The District has elected to capitalize and depreciate all assets costing \$1,000 or more; all other assets are charged to expense in the year incurred. Depreciation for the years ended September 30, 2017 and 2016 was \$8,051 and \$8,243, respectively.

***Functional Allocation of Expenses*** - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, management has allocated certain costs among the programs and supporting services benefited.

***Contributed Services*** - No amounts have been reflected in the statements for contributed service in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the District's program services.

***Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

***Income Taxes*** - The District is a nonprofit organization exempt from federal income tax under Internal Revenue Code Section 501 (c)(4) and exempt from California tax under Section 23701 (f) of the Revenue and Taxation Code. Accordingly, no provision for income taxes has been recorded in the financial statements. The District annually files form 990, 199, and RRF-1 with appropriate agencies. The District has also been classified as an entity that is not a private foundation within the meaning of section 509(a). The statute of limitations for federal and California state tax purposes is generally three and four years, respectively. The District has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

***Inventories*** - Inventories are valued at the lower of cost (first-in, first-out basis) or market, and consist primarily of supplies such as recognition pins.

***Deferred Revenue*** - Revenues received in advance are held as deferred revenue and recognized in the period when the expenses are incurred. The deferred revenue balance consists of revenues for the Rose Parade Float, Governor Team Pins, and Board Retreat. The District had \$21,347 and \$41,215 in deferred revenue as of September 30, 2017 and 2016, respectively.

***Subsequent Events*** - The District's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through January 26, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

***Fair Value Measurements*** - The District determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards FASB ASC 820-10, Fair Value Measurements and Disclosures, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The following provides a summary of the hierarchical levels, as defined by FASB ASC 820-10, used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities and corporate debt securities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The District used the market approach to determine fair value for all investment assets.

**NOTE 3: CONCENTRATION OF CREDIT RISK**

The District maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 4: ACCOUNTS RECEIVABLE**

The accounts receivable at September 30, 2017 and 2016 is determined by management to be collectible; therefore, no provision for doubtful accounts has been established.

Accounts receivable as of September 30, 2017 and 2016 were comprised of the following:

	2017	2016
Related organizations	\$ 17,256	\$ 14,162
Accounts receivable - other	5,341	3,803
Total	\$ 22,597	\$ 17,965

**NOTE 5: INVESTMENTS**

Investments are carried at market value. Accordingly, investment income includes both realized and unrealized gains and losses. For additional information on how the District measures fair value, refer to Note 2 Summary of Significant Accounting Policies. Investments are comprised of the following at September 30, 2017 and 2016:

	2017	
	Fair Value	Cost
Cash and equivalents	\$ 2,678	\$ 2,678
Fixed income securities (bonds)	20,787	16,367
Mutual funds	50,446	43,614
Total	\$ 73,911	\$ 62,659

  

	2016	
	Fair Value	Cost
Cash and equivalents	\$ 1,961	\$ 1,961
Fixed income securities (bonds)	21,714	16,337
Mutual funds	46,298	42,965
Total	\$ 69,973	\$ 61,263

**CALIFORNIA-NEVADA-HAWAII  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 5: INVESTMENTS**

Investment activity is comprised of the following at September 30, 2017 and 2016:

	2017	2016
Interest and dividend income	\$ 1,981	\$ 2,541
Net unrealized and realized gains gains/(losses) on investments	2,793	4,491
	\$ 4,774	\$ 7,032

**NOTE 6: FAIR VALUE MEASUREMENT**

The following table presents the balances of the assets measured at fair value on a recurring basis as of September 30, 2017 and 2016. The District did not have any liabilities measured at fair value on a recurring basis as of September 30, 2017 and 2016.

	2017			
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 2,678	\$ -	\$ -	\$ 2,678
Fixed income securities (bonds)	-	20,787	-	20,787
Mutual funds	50,446	-	-	50,446
Total	\$ 53,124	\$ 20,787	\$ -	\$ 73,911
	2016			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 1,961	\$ -	\$ -	\$ 1,961
Fixed income securities (bonds)	-	21,714	-	21,714
Mutual funds	46,298	-	-	46,298
Total	\$ 48,259	\$ 21,714	\$ -	\$ 69,973

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
(A California Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 7: PROPERTY AND EQUIPMENT**

A schedule of changes in property, equipment and accumulated depreciation for the year ended September 30, 2017 is as follows:

	2017			
	Balance Beginning	Additions	Retirements	Balance Ending
Leasehold improvement	\$ 6,428	\$ -	\$ -	\$ 6,428
Furniture and equipment	93,632	-	(6,791)	86,841
Total property and equipment	100,060	-	(6,791)	93,269
Less accumulated depreciation for:				
Leasehold improvement	(3,753)	(429)	-	(4,182)
Furniture and equipment	(67,446)	(7,622)	3,508	(71,560)
Net property and equipment	\$ 28,861	\$ (8,051)	\$ (3,283)	\$ 17,527

A schedule of changes in property, equipment and accumulated depreciation for the year ended September 30, 2016 is as follows:

	2016			
	Balance Beginning	Additions	Retirements	Balance Ending
Leasehold improvement	\$ 6,428	\$ -	\$ -	\$ 6,428
Furniture and equipment	98,429	7,411	(12,208)	93,632
Total property and equipment	104,857	7,411	(12,208)	100,060
Less accumulated depreciation for:				
Leasehold improvement	(3,324)	(429)	-	(3,753)
Furniture and equipment	(69,903)	(7,814)	10,271	(67,446)
Net property and equipment	\$ 31,630	\$ (832)	\$ (1,937)	\$ 28,861

**NOTE 8: VACATION AND SICK PAY**

At September 30, 2017 and 2016, the District had \$34,348 and \$38,389, respectively, in unpaid accumulated vacation and no unpaid sick leave. These amounts are included in the accrued expenses on the Statements of Financial Position.

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 9: DEFERRED REVENUE LIFE MEMBER**

Annual membership dues are recognized as revenue in the applicable membership period. Lifetime memberships are recognized as revenue over a fifteen-year period. Accordingly, the balance of lifetime membership dues received and not yet recognized is deferred. At September 30, 2017 and 2016 the District had \$33,494 and \$37,254 in deferred revenue for lifetime members respectively.

**NOTE 10: OPERATING LEASES**

The District leases office space and a postage meter under operating lease arrangements. The District office is located at 8360 Red Oak Street, Suite 201 in Rancho Cucamonga, California. Future minimum lease payments are as follows:

Year Ended June 30,	
2018	\$ <u>55,298</u>

The District rents its office space from the Kiwanis Cal-Nev-Ha Foundation, for more information on this transaction see Note 12 - Related Party Transactions.

Rent expenses related to operating leases for the years ended September 30, 2017 and 2016 were \$57,348 and \$60,950, respectively.

**NOTE 11: PENSION**

The District has a merit plan and a 401 (k) retirement savings plan. Full-time employees having completed six months of service and attained the age of 21 are eligible to participate. Employees may contribute by electing to reduce and defer the receipt of up to 25 percent of compensation. The employer may also make contributions including matching contributions to the plan. Effective October 1, 2005, the employer is required to match a participant's contribution between 3 and 5 percent of compensation. Employees are fully vested in their elective contributions. Pension expense was \$26,919 and \$27,002 for the years ended September 30, 2017 and 2016, respectively.

**CALIFORNIA-NEVADA-HAWAII  
DISTRICT OF KIWANIS INTERNATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 11: PENSION**

The participant's vesting schedule for employer contributions is as follows:

<u>Years of Service</u>	<u>% Vested</u>
Less than 3	0
At least 3	20
At least 4	40
At least 5	60
At least 6	80
At least 7	100

**NOTE 12: RELATED PARTY TRANSACTIONS**

The District received \$99,250 and \$99,250 for 2017 and 2016, respectively, in support from its sponsored organizations and programs to offset administrative expenses. Administrative expenses incurred specifically on behalf of the Service Leadership Programs during the fiscal years ended September 30, 2017 and 2016, were \$31,786 and \$30,688, respectively. In addition, the District paid the salary of the Director of Service Leadership Programs.

The Cal-Nev-Ha Foundation paid \$33,801 and \$33,974 to the District in fiscal years 2017 and 2016, respectively, for administrative expenses.

In addition, for the years ended September 30, 2017 and 2016, the District paid \$56,812 and \$56,258, respectively, in rent to the Cal-Nev-Ha Foundation for office space located at 8360 Red Oak Street, Suite 201 in Rancho Cucamonga, California.

The Board of Trustees of California-Nevada-Hawaii District (CNH District) of Kiwanis International controls and is responsible for Service Leadership Programs; Circle K, Key Club, Builders Club, K Kids and Aktion Clubs; (SLP Clubs) within the CNH District. The policies of the CNH District established for the control of the SLP Clubs are subject to the provisions as set forth in the preamble to the policies of the CNH District.

The CNH District has final responsibility for the authority and the activities over the SLP Clubs within the CNH District.



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**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2017 and 2016**

**NOTE 13: DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 401(k). The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function of the plan. The administration and investment function are the responsibility of John Hancock USA; therefore, the fair market value of the plans assets at September 30, 2017 and 2016, are not included in the District's financial statements. See Note 11 on the District's matching provision.

**NOTE 14: NET ASSETS**

Net assets were designated as follows for the years ended September 30, 2017 and 2016:

Purpose	2017	2016
Unrestricted:		
General	\$ (45,492)	\$ (85,763)
International convention	78,648	81,940
Total	<u>\$ 33,156</u>	<u>\$ (3,823)</u>
Temporarily restricted:		
Rose Parade Float	\$ 16,132	\$ 16,849
Total	<u>\$ 16,132</u>	<u>\$ 16,849</u>