





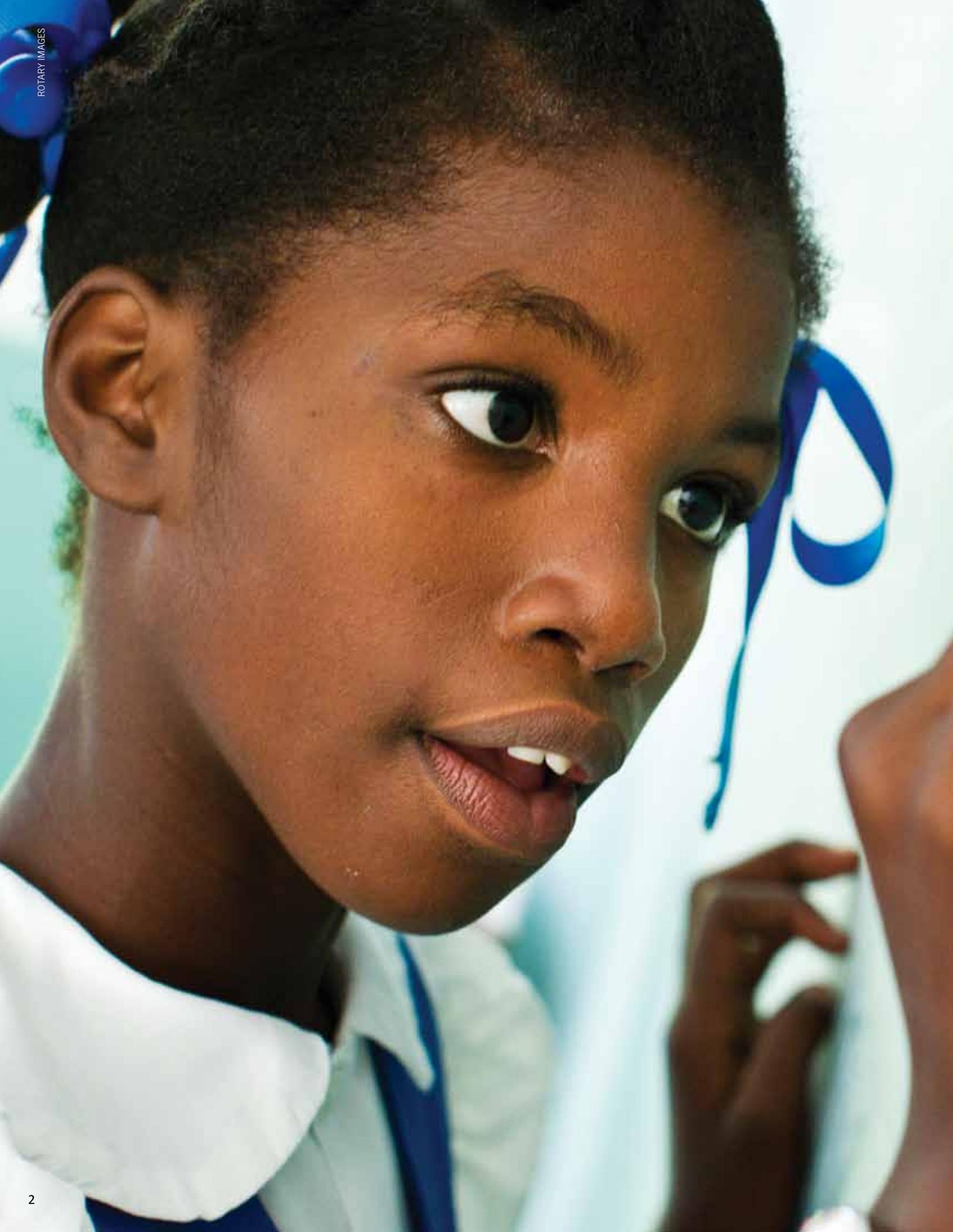
Rotarians and volunteers gathered for National Immunization Days in India, where they helped vaccinate children against polio, organized free health camps and polio awareness rallies, and distributed banners and caps to children. Just one case of polio was reported in India during the first six months of 2011.



ROTARY'S  
DEDICATION  
POLIO'S  
ERADICATION

शौचिक आहार निर्मलजन, रण लाना है  
स्वच्छ हवा रोगों को जाना है  
हर बच्चे को दो  
पोलियो की दवा

Dedicated to ridding the world of polio





## **Determined to build a better future**

Destroyed by the 2010 earthquake, École Ste.-Famille, a school in Les Cayes, Haiti, was rebuilt and equipped with supplies with support from Haitian and U.S. Rotary clubs. The project is one of many long-term Rotary efforts. The Haiti Earthquake Relief Fund raised and distributed more than \$2 million to help the battered nation rebuild its infrastructure.



**Bringing hope to people in need**

In Lugoba, Uganda, a community traumatized by disease, war, and economic hardship has found hope at the Bitone Center. Supported by Rotary clubs in Uganda and the United States, the center provides nutritious meals, shelter, and a basic education, including lessons in traditional dance, music, and theater.



# Serving our communities with hands-on projects





The Rotary Club of Slidell North Shore, Louisiana, USA, helped renovate or reopen more than a dozen social service facilities in Slidell, many of which were damaged by Hurricane Katrina. Rotarians Kendra Maness and Steven Kernahan volunteered to help build the transitional home for men in their community.



# A year of new beginnings

Rotaractors, Rotarians, Rotary Foundation alumni, and others rolled up their sleeves to help families in New Orleans, Louisiana, USA, still recovering from the damage caused by Hurricane Katrina in 2005. New Generations became Rotary's fifth Avenue of Service in 2010-11, while e-clubs officially joined Rotary International as full-fledged clubs.

## Message from the President

The 2010-11 Rotary year was significant in many respects, and I am pleased to highlight a few of the achievements. Most noticeable in this annual report is the highly favorable financial report, which was assisted by sizable cost reductions and positive investment returns.

The RI Board worked diligently to implement the new RI Strategic Plan in an effective manner. More important, the Board improved the plan by creating forward-thinking goals to effectuate the three priorities. Several key proposals will be submitted to the 2013 Council on Legislation for changes in the RI constitutional documents.

The new Rotary coordinators started working with the district governors to help clubs become Bigger, Better, and Bolder. And the Rotary public image coordinators were established to work cooperatively with the Rotary coordinators and the regional Rotary Foundation coordinators. The 2011 convention in New Orleans was highly successful in attendance, motivation, and financial results.

The search for a new general secretary to replace Ed Futa, who retired on 30 June, was completed with the employment of John Hewko, a highly qualified person with extensive international business experience.

All in all, the year produced a culture of innovation that will serve Rotary well as we continue to do what Rotarians do better than anyone else in the world, which is *Building Communities — Bridging Continents!*



Ray Klinginsmith  
2010-11 President  
Rotary International

(Top left) More than 18,500 members of the family of Rotary from 151 countries and geographical areas took part in the 2011 RI Convention in New Orleans, Louisiana, USA. (Top right) Rotary clubs illuminated more than 20 iconic structures worldwide with the End Polio Now message on 23 February, Rotary's anniversary.



IKUKO ISHIDA

## Message from the Trustee Chair

I am happy to report that The Rotary Foundation enjoyed a good year in 2010-11. I am particularly pleased that the donations to the Annual Programs Fund again passed the USD100 million level. In spite of the world financial crises, Rotarians stood up for our Foundation.

I was also gratified that we welcomed 44 new members into the Arch C. Klumph Society in 2010-11. The actual induction ceremony has been moved from the 17th floor to the auditorium at headquarters in Evanston. The format has also changed to make it a little more festive when inducting these important donors.

At the convention in New Orleans, we merged the Bequest Society reception, Arch C. Klumph Society Dinner, and the Major Donor Dinner into a single event at a unique venue, Mardi Gras World. The positive feedback from the event has been just fantastic.

The Trustees accepted a new university to the Rotary Centers for International Studies in peace and conflict resolution. A subcommittee to the Rotary Peace Centers Committee headed by Past Trustee Carolyn Jones made site visits to five universities and unanimously recommended Uppsala University in Sweden.

The Future Vision pilot launched this year. Exciting feedback has been reported from the 100 pilot districts and is being processed. We are certainly learning from their experiences and some changes will no doubt be made in order to make a successful launch of the Future Vision Plan in 2013.



Carl-Wilhelm Stenhammar  
2010-11 Trustee Chair  
The Rotary Foundation

# Ending polio

An army of Rotary volunteers is immunizing children, raising funds, and increasing awareness of polio. Polio has decreased 99 percent worldwide since the Global Polio Eradication Initiative began in 1988, and only four endemic countries remain: Afghanistan, India, Nigeria, and Pakistan.

The newly formed nation of South Sudan led a synchronized mass immunization campaign against polio with support from the Global Polio Eradication Initiative, which includes Rotary International as a spearheading partner.

## On the brink of success

Energized by the launch of a new strategic plan and the highly effective bivalent oral polio vaccine, the Global Polio Eradication Initiative has scored significant gains against the disease. Rotary is a spearheading partner in the GPEI, along with the World Health Organization, UNICEF, and the U.S. Centers for Disease Control and Prevention.

Polio declined by 95 percent between 2009 and 2010 in India and Nigeria, the sources of all recent wild poliovirus importations into previously polio-free countries.

In addition, 15 countries in Africa have stopped outbreaks of the disease that started in 2009, according to the GPEI Independent Monitoring Board.

WHO calls the progress encouraging “but the job is not yet finished,” said WHO Director-General Margaret Chan, at the World Health Assembly in May. “We must see this through to the end.”

The single greatest threat to polio eradication is a funding gap, which Rotary is helping to address. Confident in Rotary’s commitment to the effort, the Bill & Melinda Gates Foundation awarded Rotary two grants totaling \$355 million. Rotary’s US\$200 Million Challenge, which runs through 30 June 2012, had raised \$184 million as of 30 June 2011.

Rotary’s leadership is a critical factor. “We invite donor governments from around the world to join the Gates Foundation and the ongoing commitment by Rotary’s 1.2 million members worldwide, and to rapidly make available flexible funding critically needed to implement all activities of the (GPEI) strategic plan,” said Rotary Foundation Trustee Chair Carl-Wilhelm Stenhammar.

As of 30 June 2011, Rotarian contributions toward Rotary’s US\$200 Million Challenge had reached **\$184 million.**



COLLEEN BONADONNA



Bill Gates (top) called polio eradication his foundation’s top priority during the 2011 RI Convention. Inspired by her volunteer experience during a National Immunization Day in India, Colleen Bonadonna (above) of the Rotary Club of West Point, Virginia, USA, visited 200 U.S. Rotary clubs in 200 days, and personally netted more than \$8,000 for Rotary’s US\$200 Million Challenge. Through sales of End Polio Now keyfinders (left), Rotarians, Rotaractors, and RI staff in Switzerland and Liechtenstein raised more than \$893,000 for Rotary’s challenge.

A young girl with her hair in small braids, wearing a dark blue t-shirt and pink shorts, sits on concrete steps. She is smiling and holding hands with another person whose hand is visible on the right. The background is a reddish-brown wall.

# Our work: Meeting basic human needs

George Solomon of the Rotary Club of Greenport, New York, USA, takes a break with 10-year-old Sholanda, a resident of Nan Sema, Haiti, where his club built a well in 2006. Solomon has returned several times since to staff Rotary club medical missions, work on grants, and train local residents to maintain equipment.

A man wearing a straw hat with a white band, a light green short-sleeved button-down shirt, and khaki shorts is sitting on a wooden ledge. He is holding a clear plastic water bottle in his hands. He has a white bandage on his right knee and is wearing white socks and sneakers. The background is a reddish-brown wall with decorative elements.

Rotary's **six areas of focus** — peace and conflict prevention/ resolution, disease prevention and treatment, water and sanitation, maternal and child health, basic education and literacy, and economic and community development — provide direction for Rotary's 34,000 clubs and 1.2 million members as they reach out to meet the diverse needs of families and communities in their own neighborhoods and around the world.



Promoting peace



Fighting disease

Providing clean water

Saving mothers and children

Supporting education

Growing local economies

Millions of people around the world have been displaced by armed conflict or persecution; others struggle in lawless states that resulted from political or natural disaster. The Rotary Peace Centers are at the heart of Rotary's **peace and conflict resolution/prevention** efforts, equipping graduates with the tools to make an immediate impact in conflict and post-conflict areas.

Former Rotary Peace Fellow Louisa Dow and her Habitat for Humanity colleagues identify housing needs in a crime-ridden, post-earthquake neighborhood in Port-au-Prince, Haiti.

## A firm foundation for a new Haiti

Louisa Dow (pictured at left) is using her expertise gained as a Rotary Peace Fellow to help Haiti rebuild and recover from the devastating earthquake that struck in 2010.

“I feel so privileged to be in Haiti, helping families rebuild their lives by supporting them to find pathways to permanent housing,” Dow says. “Providing access to shelter, education, and health care services has a direct impact on people living in conflict-affected countries.”

Dow is the Habitat for Humanity partnership coordinator for Haiti disaster response, and manages the USAID Emergency Community Assistance and Planning program. Designed by Habitat for Humanity, ECAP provides community-focused, on-the-ground technical support to government agencies that oversee Haiti’s post-earthquake shelter and settlement initiatives.

Dow, who is from Australia, says her 2008-10 studies at Duke University and University of North Carolina at Chapel Hill, USA, helped prepare her for the work. Her student fieldwork in Latin America and the Caribbean opened her eyes to the role of permanent housing in developing a peaceful and just society.

Dow says that no program could have given her a better education in development and peace. “Being in an environment that nurtured all of us to find new and innovative areas to research was an experience like no other.”



(Left) Rotary Youth Exchange participants performed at the 2011 RI Convention. Encouraging cross-cultural connection and activities is one way Rotary promotes understanding and peace. (Below) Several former Rotary Peace Fellows have started their own peace studies programs. Cameron Chisholm (third from left) founded the International Peace and Security Institute, based in Washington, D.C., to raise public awareness of peace and security issues. Maria Saifuddin Effendi (second from left) helped establish the Department of Peace and Conflict Studies — the first of its kind in Pakistan — at National Defense University in Islamabad.

About **62%** of former Rotary Peace Fellows work for governments, NGOs, or multilateral organizations such as the UN and the World Bank.\*

\* As of 30 June 2011

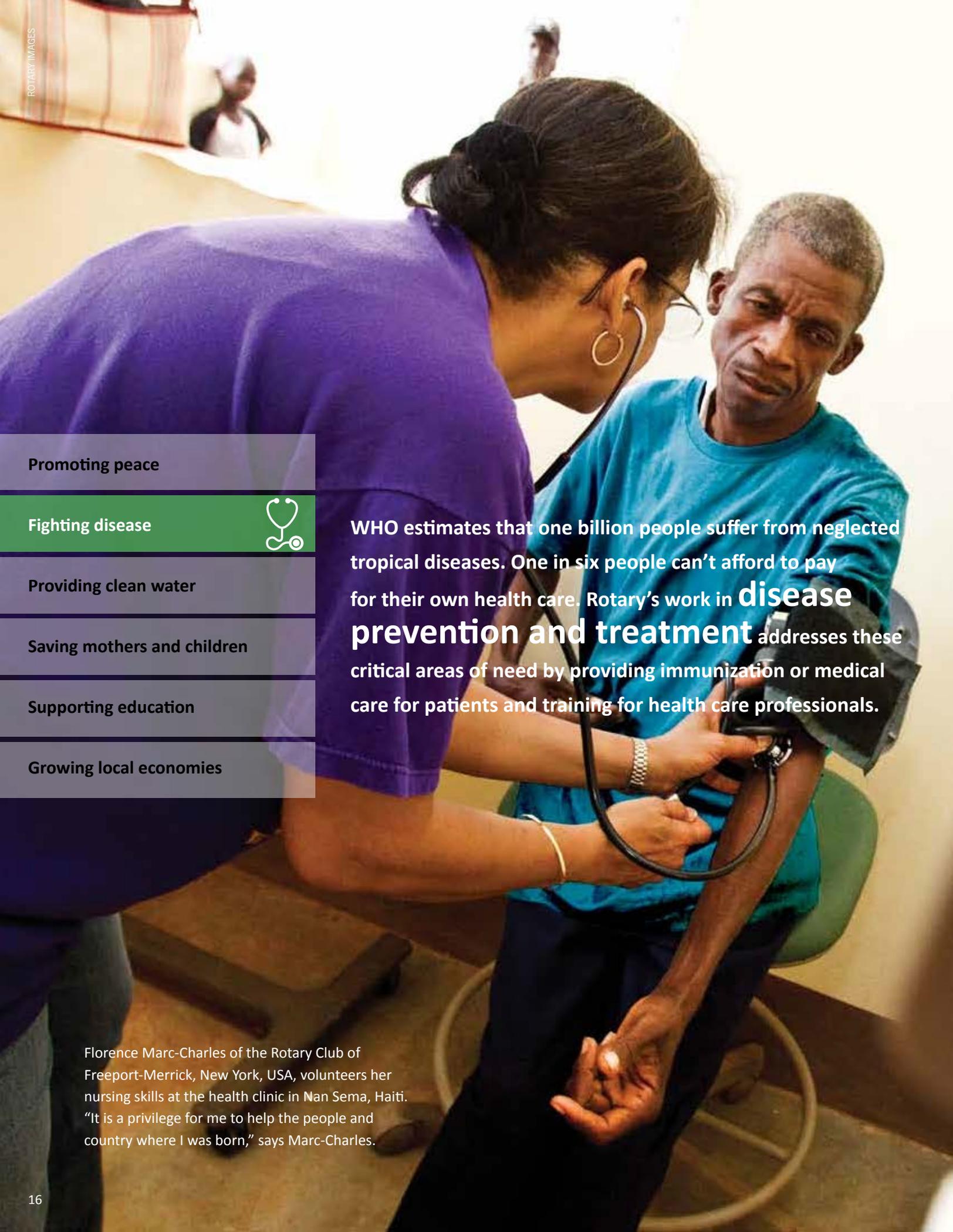
USA

Haiti

Pakistan



CAMERON CHISHOLM



Promoting peace

Fighting disease



Providing clean water

Saving mothers and children

Supporting education

Growing local economies

WHO estimates that one billion people suffer from neglected tropical diseases. One in six people can't afford to pay for their own health care. Rotary's work in **disease prevention and treatment** addresses these critical areas of need by providing immunization or medical care for patients and training for health care professionals.

Florence Marc-Charles of the Rotary Club of Freeport-Merrick, New York, USA, volunteers her nursing skills at the health clinic in Nan Sema, Haiti. "It is a privilege for me to help the people and country where I was born," says Marc-Charles.

## Combating malaria in sub-Saharan Africa

Last year, malaria claimed the lives of almost 750,000 people in sub-Saharan Africa, 85 percent of them young children. But now some of the poorest

residents of Yirimadjo, Mali, are receiving protection from the disease through a Rotary Foundation Global Grant project supported by Rotarians in four countries.

The Rotary Club of Bamako-Amitié, Mali, leads the Bite Malaria Back project, which provides insecticide-treated bed nets, physician services, and medications to prevent and treat malaria. The Rotary Club of Capitol Hill (Washington, D.C.), USA, and five other D.C.-area clubs are supporting the project, as are clubs in India and Hong Kong. Rotarians teamed up with Project Muso Ladamunen, a nongovernmental organization fighting poverty and disease in Yirimadjo.



PROJECT MUSO LADAMUNEN

A project supported by a Rotary Foundation Global Grant is giving children in Yirimadjo, Mali, hope for a malaria-free future.

In just three months, more than 3,000 patients received treatment through Bite Malaria Back. Health workers visited 12,700 homes and treated 900 children. Over 80 percent of those children received critical medical intervention within the first 48 hours of the onset of symptoms.

“It is not acceptable for nearly one million children to die each year of a disease like malaria, which can be cured with a few dollars’ worth of effective medications, efficiently delivered to the thousands of children who need them,” says Maria Nelly Pavisich, of the Capitol Hill club.

El Salvador

Haiti

Mali

China

Families in Yunnan, China, benefited from a multitiered public health program supported by a Rotary Foundation Matching Grant. The program focused on education, medical screenings, and training for health care workers (right). Teens in the Interact Club of Syosset High School, New York, USA, raised more than \$42,000 to help children in El Salvador receive lifesaving surgery (far right).



YILIN ZHANG



INTERACT CLUB OF SYOSSET HIGH SCHOOL

Promoting peace

Fighting disease

Providing clean water



Saving mothers and children

Supporting education

Growing local economies

Water, the source of life, carries death and disease in much of the developing world. One in six people in the world have no access to safe drinking water. With help from Rotary-sponsored **water and sanitation** projects, Rotarians have helped thousands of communities globally.

One of the first large-scale global grant projects under the Foundation's Future Vision pilot is providing clean water to thousands in Sierra Leone.



## Safe water for thousands in Sierra Leone

In Sierra Leone, one in five children die before age 5, many from waterborne diseases such as cholera, diarrhea, hepatitis A, and typhoid fever, according to UNICEF. The Rotary Club of Fishers, Indiana, USA, knew how they could help.

In 2009, the Fishers club began a yearlong project to install 14 wells, giving 10,000 people in Sierra Leone access to water (left). Partnering with the local Rotary Club of Freetown, the club secured a Rotary Foundation Global Grant. With additional support from Future Vision Pilot District 6560 (Indiana), 11 U.S. clubs, and another Sierra Leone club, a \$300,000 project was undertaken with the goal of installing 71 more wells serving roughly 71,000 people in rural communities.

Three Rotary clubs in Sierra Leone and World Hope International, a nongovernmental organization, have committed to ensuring the long-term sustainability of the wells after installation. Local Rotarians are also helping to choose locations for the wells, monitoring their effectiveness, and forming community committees to maintain them.

“These wells are very effective and they are sealed, so there’s no contamination,” says Christopher Forster, a Freetown club member. “In Sierra Leone, 40 percent of all out-patient visits are water related. So [by] giving clean water, you are really making a difference in people’s lives.”

Children drink clean water from a spigot in Haiti (right). Worldwide Rotarian support for the Haiti Earthquake Relief Fund helped the Rotary Club of Mirebalais, Centre, construct 80 rainwater collection tanks, each with a 2,500-gallon capacity. Rotarians from Australia and the Philippines piped clean water to homes and schools in poor communities in Zamboanga City, Philippines (below), in a project supported by the International H<sub>2</sub>O Collaboration, an alliance between Rotary International and USAID.



CINESUR FILMS



international h<sub>2</sub>o collaboration



Promoting peace

Fighting disease

Providing clean water

Saving mothers and children



Supporting education

Growing local economies

Nine million children under age 5 will die because of malnutrition, poor health care, and inadequate sanitation. With proper services and trained birthing professionals, maternal deaths at childbirth could be reduced by 80 percent. Rotary's **maternal and child health** projects help educate mothers, provide health services such as immunizations, and give babies a better start in life.

Alliance for Smiles medical volunteers examine a young patient in Wenzhou, China, after reconstructive palate surgery. Rotarians founded and continue to support the ongoing program, which has helped over 3,000 children.

## Making health care more sustainable

Children in Uganda now have a fighting chance to survive and a community has better trained medical professionals following a visit by a medical mission that was supported by Rotary clubs in the United States and East Africa and a Rotary Foundation Global Grant. A 12-member vocational training team, made up of doctors from Riley Hospital for Children in Indianapolis, Indiana, USA, performed life-saving procedures and shared their skills with their counterparts at the Uganda Heart Institute at Mulago Hospital in Kampala.

“We taught the physicians, nurses, and operating room staff not only surgical and operating room techniques, but postoperative medical care for children with congenital heart defects,” says Dr. Stephanie Kinnaman, team leader and a member of the Rotary Club of Greenfield, Indiana, USA.

In Uganda, the Rotary Club of Makindye aided the team’s work by transporting members to and from the hospital, providing meals, and assisting with other needs.



Rotarians worked with Midwives for Haiti to customize a Jeep (above) to transport birthing attendants to the doorsteps of expectant mothers. Through The Rotary Foundation’s new strategic partnership with Aga Khan University, Rotary clubs can select and mentor nursing students to receive scholarships and send skilled volunteer teams to train health educators in East Africa (right).

Jemimah, a young Ugandan girl, received lifesaving heart surgery from a team of medical volunteers organized by Rotarians.



SALIM NAJJAR

The mission was part of a long-term effort launched by the Gift of Life Foundation with support from Rotary clubs in 2008 that will continue until 2014, when it will be turned over to the Uganda Heart Institute.

Salim Najjar, a Rotary leader who accompanied the team, praised their talent and dedication. “I saw another dimension of our Rotary contributions at work in saving young lives.”



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Promoting peace

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Growing local economies

The key to a brighter future is access to **basic education and literacy**. Yet 75 million children worldwide — 41 million of them girls — have no access to education, and about 677 million people over the age of 15 are illiterate. Rotary volunteers worldwide have led low-cost literacy programs that fund teacher training, start student mentoring programs, and build schools and libraries.

Students study in the library at the Lycée Philippe Guerrier school in Les Cayes, Haiti, with books donated by the Rotary Club of Cayes.

## A literary whirlwind

With a global vision guiding their service efforts, this year Canadian and U.S. Rotary clubs embarked on a comprehensive plan to help meet educational and literacy needs in communities in 10 countries. District 5020 — which includes clubs in British Columbia, Canada, and Washington, USA — received two Rotary Foundation Global Grants for education and literacy initiatives in Honduras and the Philippines, and a district grant in 2011 that will fund educational projects in eight countries, totaling nearly \$230,000 in support.

Rotarians first conducted an assessment to identify community needs. “This experience and trust, often gained with smaller initial projects, enables our clubs to have confidence in the host partners,” says Brian Beagle, chair of the district’s Rotary Foundation committee.

In Kenya, 500 children in 10 schools are improving their reading skills with the help of books, supplies, and teacher training provided by Rotarians. In Peru, Canadian and local clubs installed solar panels that supply power to three schools, while in Canada, Rotarians are providing books for a local library reading program.

Canada

Haiti

Honduras

Peru

Pakistan

Kenya

South Africa

“The need for funding for the education of girls from impoverished and low-income families is significant.”

Almas Jovindah, Rotary Club of Lahore Mozang, Pakistan



PAT DEAN

Rotarians in Punjab, Pakistan, and Delaware, USA, are providing scholarships to girls in a poor village through the Pakistan Project (left). South African and U.S. Rotary clubs, Operation Upgrade, and the International Reading Association, are helping train adult literacy instructors on life skills topics like nutrition and health, shaping the classroom experience for more than 600 adults in South Africa’s KwaZulu-Natal Province (above).

LUBNA JAVED



Promoting peace

Fighting disease

Providing clean water

Saving mothers and children

Supporting education

Growing local economies



An estimated 878 million people — nearly half of them employed — live on less than \$1.25 a day. Rotarians bring **economic and community development** to impoverished communities through projects that provide vocational training, support local entrepreneurs and community leaders, and assist long-term recovery needs in areas struck by natural disaster.

Maya Verma of Maheshwar, India, is one of the women who weaves at Jhoole.

USA

Netherlands

India

Kenya

## Investing in goodwill and opportunity

Hannah Warren says her experience with Rotary inspired her to become a social entrepreneur. The former Rotary Scholar founded Jhoole, a nonprofit business that offers impoverished women in Maheshwar, India, the training, materials, and international market for hand-woven goods that they need in order to earn a living wage.

With support from the Rotary clubs of Khargone and Loves Park, Illinois, USA, among others, and a grant from The Rotary Foundation, Jhoole acquired looms, cloth, and funds to cover training costs for weaving and sewing.

Warren has also created a direct market for dresses, skirts, and handbags by cultivating partnerships with designers and distributors, including Chicago-based Mata Traders. The weavers frequently produce items from recycled materials, such as scarves made of scraps of fabric donated by Pratibha Syntex.

Jhoole gives 20 percent of its profits to Chetanya Sewa Sansthan, which aids elderly women and people with disabilities. Warren estimates that more than 300 people have benefited from both organizations' programs.

"There is no way I could be doing this [work] were it not for my Ambassadorial Scholarship," Warren says. "Like Jhoole's programs, Rotary scholarships are not a one-time donation; they are an investment in goodwill."



OIKOCREDIT INTERNATIONAL

In 2010-11, The Rotary Foundation formed a strategic partnership with Oikocredit, a globally recognized leader in the field of microfinance. Rotarians will work with microfinance institutions in Oikocredit's network to develop training programs that empower individuals to improve their economic situation, such as this dairy cooperative in Githunguri, Kenya, which was supported by Rotary clubs in Kenya (above) and the Netherlands, the Foundation, and Oikocredit.



"Rotary has been a great gift to us. You helped raise \$19 million toward Gulf Coast recovery and \$1.9 million for the Katrina Relief Fund. You have done such unbelievable work. Your motto, Service Above Self, burns in the heart of the people of New Orleans."

Mitch Landrieu, mayor of New Orleans, addressing the 2011 RI Convention

# Our supporters

Despite economic adversity in much of the world, Rotarians and other supporters continued to give generously to The Rotary Foundation to make life better for others. Total contributions to the Foundation increased by 6 percent from the previous year.\*

Taiwanese Arch C. Klumph Society members led the way in Rotary Foundation giving during the 2010-11 fiscal year.

## Top 10 Giving Countries and Geographical Areas



## Setting a brisk pace

Rotarians contribute to The Rotary Foundation's programs because of Rotary's proven record of meeting basic human needs. Their donations to the Foundation's Annual Programs Fund in 2010-11 totaled \$107.7 million, the second-highest in the Foundation's history.

Staunch supporters include the members of the Arch C. Klumph Society, which recognizes people who give \$250,000 or more to the Foundation. In 2010-11, the Foundation welcomed a record 44 new members into the society.

Rotarians also set a record in online giving by contributing \$4.1 million during a special two-day promotion. Online contributions of \$100 or more to the Annual Programs Fund received double Paul Harris Fellow recognition credit in honor of Rotary's anniversary on 23 February.

The Rotary Peace Centers Major Gifts Initiative has raised more than \$58 million, surpassing its goal of \$55 million by 30 June 2011. Launched in 2005, the initiative aims to create a \$95 million endowment fund by 2015 to provide secure funding for the Rotary Peace Centers.

The generosity of Rotarians around the world helps meet critical humanitarian needs. Rajashree Birla from Mumbai, India, for example, donated an additional \$1.12 million to the Foundation in support of Rotary's US\$200 Million Challenge. Including this contribution, the honorary Rotarian has given a combined total of more than \$4.2 million to the Foundation for polio eradication.

"Mrs. Rajashree Birla strongly believes that what we have done for ourselves dies with us, but what we do for others remains forever," says Foundation Trustee Ashok M. Mahajan. "Charity begins at home but should not end there."

### 2010-11 supporters include:

44	Arch C. Klumph Society members (gifts of \$250,000 or more)
1,348	Major Donors (gifts of \$10,000 or more)
609	Bequest Society members (estate gifts of \$10,000 or more)
2,978	Benefactors (estate gifts of \$1,000 or more)
61,501	Paul Harris Fellows (gifts of \$1,000 or more)

All figures as of 30 June 2011.

\* Excludes \$40 million grant for polio eradication received from the Bill & Melinda Gates Foundation, a U.S. organization.

### Inducted Arch C. Klumph Society members

Henry A. and Patricia Alker Charles K. and Joy M. Campbell Ray Ching and Shu-Chen Chang Wendell L. and Helen Christoff Jamil E. and Suheila Hitti de Dunia Foster Stephen and Lynn Friess Charles H. and Frances Gabus<sup>+</sup> Len<sup>+</sup> and Arlyn E. Gundersen Rafael G. and Eumelia C. Hechanova Shue-Liang Hong and Shu-Yun Hong Wang Woo-Hong and Jeong Ja Kim Cheng-Shu Lai and Tsz-Jiou Lai Tseng Chih-Chiang Lin and Su-Huih Cheng Chi-Tien Liu and Hsiu-Jung Liu Ying Nam-Soo Park and Seong-Im Cho William F. and Nancy R. Pettus Barry and Diana Phillips Gerrit A. and Carolee Terpstra I-Tson Soo and Addie Yuh-Rong Tsao Kei-Chou Wu and Chun-Yu Chang Chi-Jea and Jade Yao

This list includes only those who were inducted into the Arch C. Klumph Society between 1 July 2010 and 30 June 2011. It does not include donors who have qualified for Arch C. Klumph Society membership but were not inducted during this time period.

+ Deceased

# Our finances



Rotary's **ability** to meet human needs  
results from weaving the **generosity**  
of Rotarians and other donors with effective  
**stewardship** of contributions.

A Jhoole weaver's loom in Maheshwar, India

# Rotary International Financials

## What Rotary International received

RI received a total of \$105.9 million in revenues for the fiscal year through membership dues, RI services, and investments. Revenues were \$20.9 million more than budgeted, and \$10.3 million more than the previous year, primarily due to improved investment earnings.

### Explanation of variances

Dues revenue was \$0.4 million greater than budgeted. Investments returned gains of \$21.7 million — mainly from a 23 percent return for the General Fund during the fiscal year — exceeding the 4 percent budgeted return. Revenues from services and other activities were \$1.7 million greater than budgeted.

Revenues were higher than the previous year, mainly due to an \$11.0 million increase in investment returns. Services and other activities decreased by \$2.0 million from the previous year, primarily as a result of revenue from the triennial Council on

Legislation last held in April 2010. Dues revenue increased over the previous year by \$1.3 million because of a \$1 increase in Rotary's per capita dues.

## What Rotary International spent

RI's total expenses were \$80.1 million, \$4.0 million less than budgeted and \$2.4 million less than the previous year.

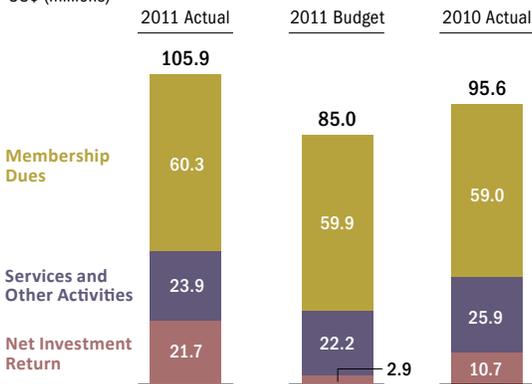
### Explanation of variances

Operational expenses were \$2.8 million less than budgeted as a result of various cost savings initiatives. Expenses for services and other activities were \$1.2 million less than budgeted, due in part to negotiated lower postage costs.

Operational expenses increased by \$1.7 million over the previous year. Expenses related to services and other activities decreased by \$4.1 million, primarily due to the 2010 Council on Legislation expenses.

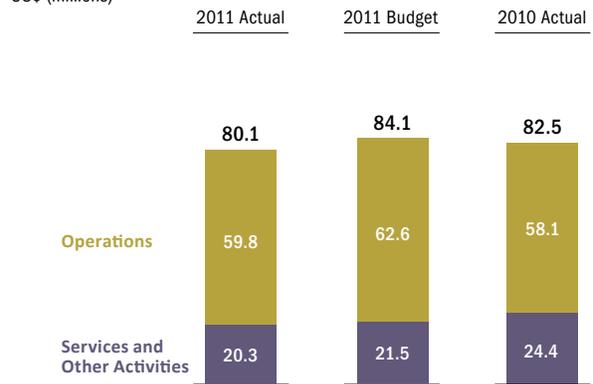
## Revenues

US\$ (millions)

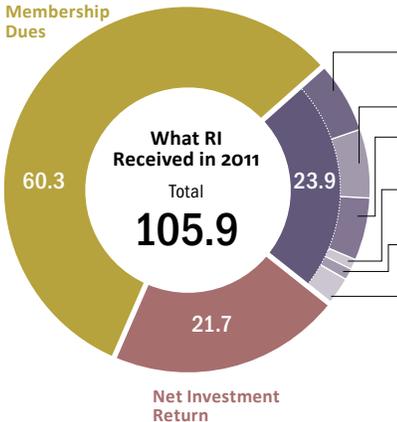


## Expenses

US\$ (millions)



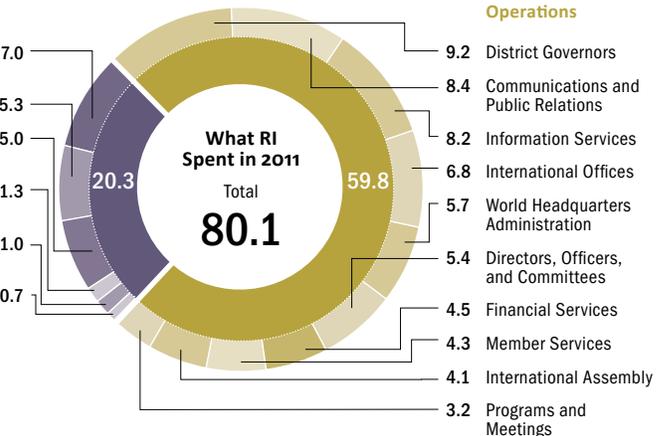
### Membership Dues



### Services and Other Activities



### Operations



### Presidents' expenses

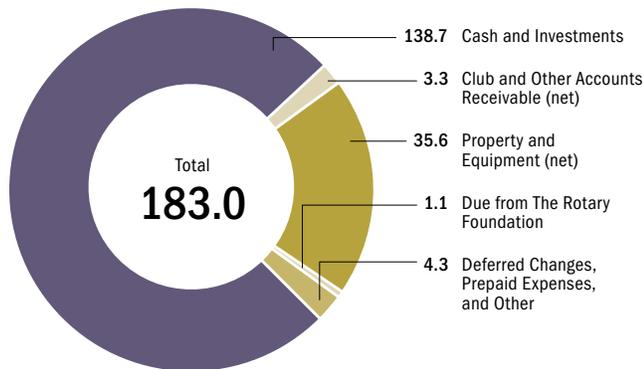
RI paid expenses of \$581,000, \$649,000, and \$104,000 to and on behalf of the RI president, president-elect, and president-nominee, respectively. These included travel (airfare, hotel, and meals), RI theme, public relations, housing, and moving costs. RI paid \$549,000 to operate the presidents' offices.

### Board of Directors' expenses

RI paid \$668,000 on behalf of the Board of Directors. This amount includes travel to attend Board meetings, the RI Convention, and the International Assembly, as well as other travel to clubs, presidential conferences, and Rotary institutes.

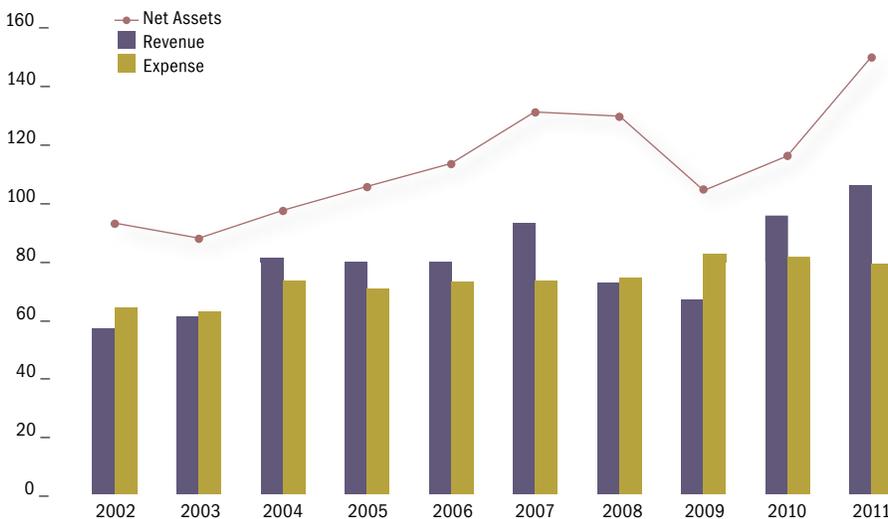
### Assets

US\$ (millions)



### Historical Revenue, Expense, and Net Asset Trends

US\$ (millions)



### Rotary International's financial position

RI's net assets increased by \$31.0 million over the previous year as a result of revenues exceeding expenses by \$25.8 million and a \$5.2 million favorable adjustment to decrease RI's pension obligation.

#### Recent trends

From fiscal 2000-01 through 2002-03, RI's expenses exceeded revenues, primarily due to a difficult investment climate.

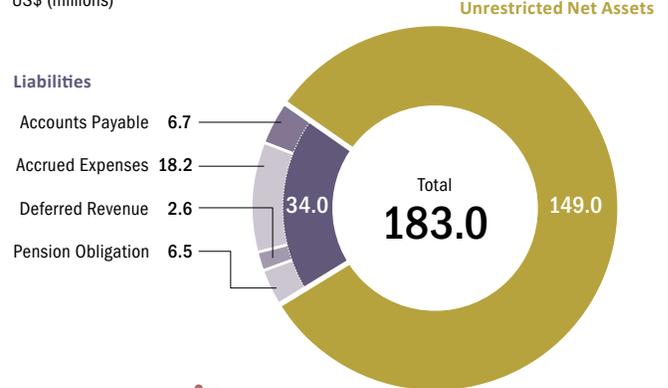
From fiscal 2003-04 through 2006-07, revenues exceeded expenses and net assets grew as a result of improved investment earnings, an increase in membership dues, and controlled spending.

From fiscal 2007-08 through 2008-09, expenses exceeded revenues, primarily due to a difficult and volatile investment climate.

From fiscal 2009-10 through 2010-11, revenues exceeded expenses, because of improved investment earnings, stable membership and dues revenue, and various cost savings initiatives.

### Liabilities and Net Assets

US\$ (millions)



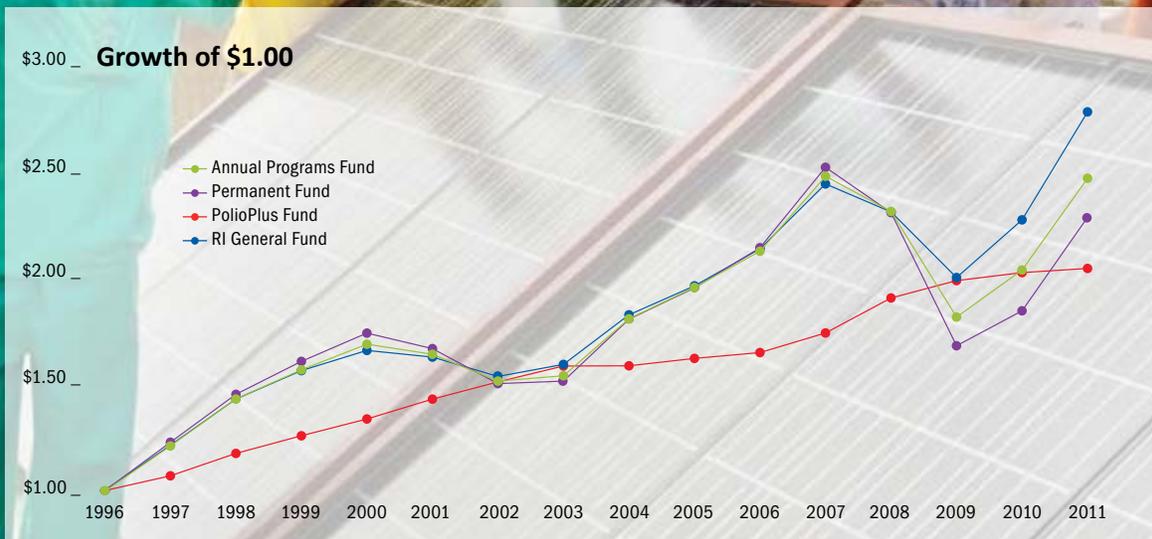
# Investments

Financial markets generated positive returns during the fiscal year, with global stock markets up approximately 30 percent, contributing to double-digit returns for both Rotary International and The Rotary Foundation. RI investments returned \$21.7 million, thereby more than recovering cumulative investment losses of \$16.9 million from 2008 and 2009. The Foundation's investment return of \$112.5 million helped further recoup cumulative losses from 2008 and 2009.

The recovery of investment losses by fund is charted below, showing the 30 June 2011 values of \$1 invested in 1996 in each of Rotary's funds. Particularly noteworthy is that the Annual Programs Fund has recovered all of the losses from 2008 and 2009, while the Permanent Fund, which had the greatest exposure to stocks, has recovered 90 percent of its losses. Due to another year of strong returns, the Trustees authorized an additional funding of \$30 million in cash and fixed income securities for the operating reserve; bringing total funded reserves to \$50 million, or about 75 percent of the targeted operating reserve fund.

During the fiscal year, the updated investment policies for RI's General Fund, the Annual Programs Fund, and the Permanent Fund were implemented. The new portfolios have reduced equity risk and offer better protection against extreme event risks such as rampant inflation, prolonged deflation, future credit crises, and large spikes in gold or oil prices. The PolioPlus Fund remains invested in short-term, high-quality fixed income securities due to the short-term nature of its funds. Due to the low interest rate environment, the fiscal return on the PolioPlus Fund was just under 1 percent.

In accordance with prudent investment management practices, both organizations invest in diversified portfolios, which include U.S. and non-U.S. stocks, global fixed income securities, and hedge funds. The Foundation also invests in alternative assets such as real estate and private equity. Rotary's investment programs are overseen by the Foundation's Investment Committee, which is composed of three trustees and six Rotarian investment professionals, and the RI Finance Committee. Rotary also retains an independent investment consultant to counsel both organizations on investment matters and to monitor Rotary's investments. All of Rotary's funds are managed by experienced, professional investment managers.



Rotary clubs from New York, USA, and Port-au-Prince, Haiti, brought much-needed medical treatment to Haitian villagers on La Gonave island and installed 18 solar panels to power a medical clinic and water pump.

# The Rotary Foundation Financials

## What the Foundation received

### Contributions

Rotarians continued to support The Rotary Foundation with increased contributions over the previous year.

The Annual Programs Fund (APF) received contributions of \$107.7 million on top of another year of strong support to Rotary's US\$200 Million Challenge. Ten countries and geographical areas — Australia, Canada, Hong Kong, Japan, Korea, Mexico, Nigeria, Taiwan, Thailand, and the United States — exceeded the Every Rotarian, Every Year initiative's worldwide \$100 per capita goal. Permanent Fund contributions of \$16.3 million increased 55 percent from \$10.5 million in fiscal 2009-10. PolioPlus received \$78.9 million in contributions to support the Global Polio Eradication Initiative, including \$40.0 million from the Gates Foundation. Total contributions of \$208.5 million do not include \$13.3 million in flow-through funds received.

## What the Foundation spent

### Program spending

Program spending decreased by \$36.3 million over the previous year, primarily due to a decrease in PolioPlus program awards of \$42.5 million. Spending on global and district grants totaled \$19.1 million in the first year of the Future Vision pilot. Total program spending for fiscal 2010-11 was \$168.6 million, which included \$77.9 million of PolioPlus program awards and operations. Program awards of \$150.2 million were spent directly on humanitarian programs, polio eradication, educational programs, and other programs.

Fund development expenses were \$17.5 million for fiscal 2010-11. These expenses included personnel, services, communications, publications, public relations, supplies, computer support, legal counsel, and recognition items involved in raising contributions and acknowledging donors.

General administration expenses were \$5.7 million for fiscal 2010-11. These expenses included personnel, services, communications, computer support, supplies, legal counsel, audit fees, and services to the Trustees (administrative support, cost of meetings, travel) to manage the Foundation's assets. General administration expenses included travel-related expenses (airfare, hotel, and meals) of \$1.1 million for the Trustees. These travel expenses are incurred to promote the Foundation's programs, to raise contributions and awareness for the Foundation, and to attend the International Assembly, RI Convention, Trustees meetings, and Rotary institutes.

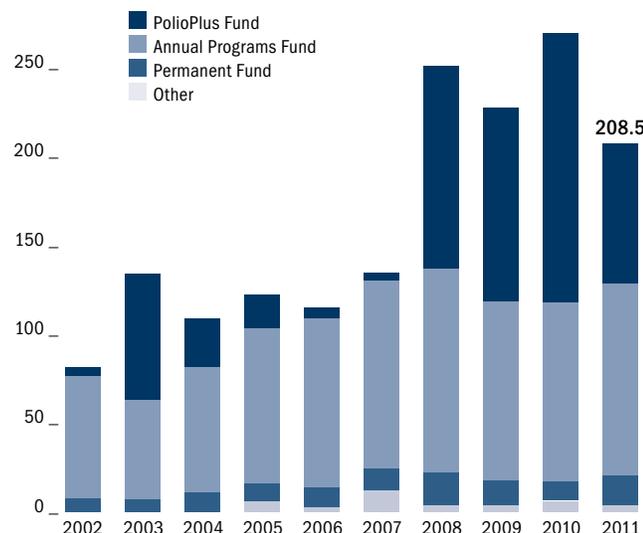
Over the past 10 years, 88 percent of the Foundation's total spending was for programs, which compares favorably with the minimum industry standard of 65 percent.

### Foundation net assets

The Foundation's net assets increased by \$137.5 million over the previous year, primarily due to net investment returns and the increased generosity of Rotarians.

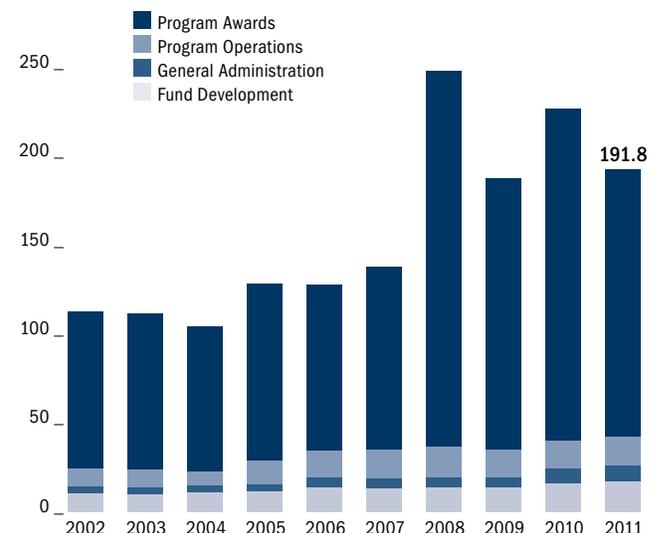
## Contributions to The Rotary Foundation

US\$ (millions)



## Program Awards, Operations, and Expenses

US\$ (millions)



Details of the Foundation's 2010-11 financial information, including the Trustees' expenses and audited financial statements, are available at [www.rotary.org/financials](http://www.rotary.org/financials).

## The Rotary Foundation of Rotary International Fiscal Year Financial Results

US\$ (millions)

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>REVENUES</b>					
<b>Contributions<sup>1</sup></b>					
Annual Programs Fund	\$ 107.7	\$ 100.4	\$ 99.3	\$ 114.8	\$ 102.8
Permanent Fund	16.3	10.5	11.6	13.9	13.3
PolioPlus Fund	78.9	151.6	109.7	114.1	3.1
Disaster Recovery/Term Gifts	4.1	2.4	1.1	0.5	0.3
Donor Advised Fund	1.5	3.6	2.1	2.4	13.5
<b>Total Contributions</b>	<b>208.5</b>	<b>268.5</b>	<b>223.8</b>	<b>245.7</b>	<b>133.0</b>
<b>Investment Income and Other Activities</b>					
Annual Programs Fund	82.2	36.9	(106.2)	(30.4)	70.7
Permanent Fund	35.3	15.2	(59.3)	(18.5)	31.8
PolioPlus Fund	1.2	1.8	2.1	4.7	2.4
Other Programs	0.8	0.4	(0.5)	(0.1)	0.9
<b>Total Investment Income (Loss) and Other Activities</b>	<b>119.5</b>	<b>54.3</b>	<b>(163.9)</b>	<b>(44.3)</b>	<b>105.8</b>
<b>TOTAL REVENUES</b>	<b>\$ 328.0</b>	<b>\$ 322.8</b>	<b>\$ 59.9</b>	<b>\$ 201.4</b>	<b>\$ 238.8</b>
<b>PROGRAM AWARDS, OPERATIONS, AND EXPENSES</b>					
<b>Program Awards</b>					
Humanitarian Grants Program	\$ 40.5	\$ 44.2	\$ 38.2	\$ 56.7	\$ 44.8
Educational Programs	16.6	23.5	22.0	23.4	23.3
PolioPlus Program	75.6	118.1	87.8	126.7	23.7
Global Grants	9.3				
District Grants	6.1				
Other Programs	2.1	1.2	1.0	1.2	8.4
<b>Total Program Awards</b>	<b>150.2</b>	<b>187.0</b>	<b>149.0</b>	<b>208.0</b>	<b>100.2</b>
<b>Program Operations</b>					
Humanitarian Grants Program	6.9	7.5	9.4	10.2	9.6
Educational Programs	5.2	5.9	6.6	7.1	6.7
PolioPlus Program	2.3	2.1	2.2	2.1	2.3
Global Grants	3.5				
District Grants	0.2				
Other Programs	0.3	2.4	0.4	0.1	
<b>Total Program Operations</b>	<b>18.4</b>	<b>17.9</b>	<b>18.6</b>	<b>19.5</b>	<b>18.6</b>
<b>Total Program Awards and Operations</b>	<b>168.6</b>	<b>204.9</b>	<b>167.6</b>	<b>227.5</b>	<b>118.8</b>
<b>Operating Expenses</b>					
Fund Development	17.5	16.5	14.5	13.6	12.6
General Administration	5.7	5.2	5.7	6.3	6.3
<b>Total Operating Expenses</b>	<b>23.2</b>	<b>21.7</b>	<b>20.2</b>	<b>19.9</b>	<b>18.9</b>
<b>TOTAL PROGRAM AWARDS, OPERATIONS, AND EXPENSES</b>	<b>\$ 191.8</b>	<b>\$ 226.6</b>	<b>\$ 187.8</b>	<b>\$ 247.4</b>	<b>\$ 137.7</b>
Pension-related changes <sup>2</sup>	1.3	(0.6)	(1.9)	(0.3)	(0.5)
<b>INCREASE (DECREASE) IN FOUNDATION NET ASSETS</b>	<b>\$ 137.5</b>	<b>\$ 95.6</b>	<b>\$ (129.8)</b>	<b>\$ (46.3)</b>	<b>\$ 100.6</b>

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>ROTARY FOUNDATION ASSETS<sup>3</sup></b>					
Cash, Pledges, and Other Assets	\$ 59.5	\$ 59.9	\$ 43.2	\$ 42.8	\$ 37.4
<b>Investments</b>					
Invested Cash and Short-Term Investments	38.0	16.3	19.7	16.7	28.8
Fixed Income	285.4	268.6	226.3	234.2	150.0
Equity	271.5	283.2	261.2	383.6	468.1
Global Asset Allocation	15.8				
Alternative Investments	153.5	78.9	81.0	124.2	93.0
Split-Interest Agreements	28.8	24.4	22.8	27.3	27.2
<b>Total Investments</b>	<b>793.0</b>	<b>671.4</b>	<b>611.0</b>	<b>786.0</b>	<b>767.1</b>
<b>TOTAL ASSETS</b>	<b>\$ 852.5</b>	<b>\$ 731.3</b>	<b>\$ 654.2</b>	<b>\$ 828.8</b>	<b>\$ 804.5</b>

#### ROTARY FOUNDATION LIABILITIES AND NET ASSETS

<b>Liabilities</b>					
Accrued Program Awards	\$ 37.3	\$ 51.5	\$ 72.5	\$ 115.7	\$ 45.8
Accounts Payable and Accrued Expenses	20.2	22.3	19.8	21.4	20.7
<b>Total Liabilities</b>	<b>57.5</b>	<b>73.8</b>	<b>92.3</b>	<b>137.1</b>	<b>66.5</b>
<b>Net Assets<sup>4</sup></b>					
Annual Programs Fund	397.9	329.1	310.1	434.3	475.3
PolioPlus Fund	140.5	130.0	77.4	42.7	37.3
Permanent Fund	241.5	187.2	168.0	207.9	219.6
Disaster Recovery/Term Gifts	6.1	2.1	0.3	0.7	0.3
Donor Advised Fund	9.0	9.1	6.1	6.1	5.5
<b>Total Net Assets</b>	<b>795.0</b>	<b>657.5</b>	<b>561.9</b>	<b>691.7</b>	<b>738.0</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 852.5</b>	<b>\$ 731.3</b>	<b>\$ 654.2</b>	<b>\$ 828.8</b>	<b>\$ 804.5</b>

#### Flow-Through Funds Received

Matching Grants	\$ 11.2	\$ 16.1	\$ 15.1	\$ 18.5	\$ 14.5
Global Grants	1.9				
PolioPlus Partners				4.4	1.6
Other	0.2	0.5	0.5	0.7	0.2
<b>TOTAL FLOW-THROUGH FUNDS RECEIVED</b>	<b>\$ 13.3</b>	<b>\$ 16.6</b>	<b>\$ 15.6</b>	<b>\$ 23.6</b>	<b>\$ 16.3</b>

- 1 Flow-through funds are not included. These funds pass through the Foundation for donor recognition but are not reported as contributions in the financial statements in accordance with U.S. accounting standards.
- 2 U.S. accounting standards require pension-related changes to be made when the retirement plan assets' fair value is not equal to the plan's projected benefit obligation. Rotary International allocated the effect of ASC 715 to The Rotary Foundation, based on the Foundation's proportionate share of payroll expenses.
- 3 Certain reclassifications have been made to balances for previous years to conform to the 2010-11 presentations.
- 4 Net assets are the difference between a company's total assets and its liabilities.

**THE MISSION OF ROTARY INTERNATIONAL** is to provide service to others, promote integrity, and advance world understanding, goodwill, and peace through its fellowship of business, professional, and community leaders.

**THE MISSION OF THE ROTARY FOUNDATION** of Rotary International is to enable Rotarians to advance world understanding, goodwill, and peace through the improvement of health, the support of education, and the alleviation of poverty.



Peter Engelmann of the Rotary Club of Newport, New York, USA, follows children to the well during a Rotary-sponsored medical mission in La Gonâve, Haiti.

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## 2010-11 Membership

1,223,413 Rotarians

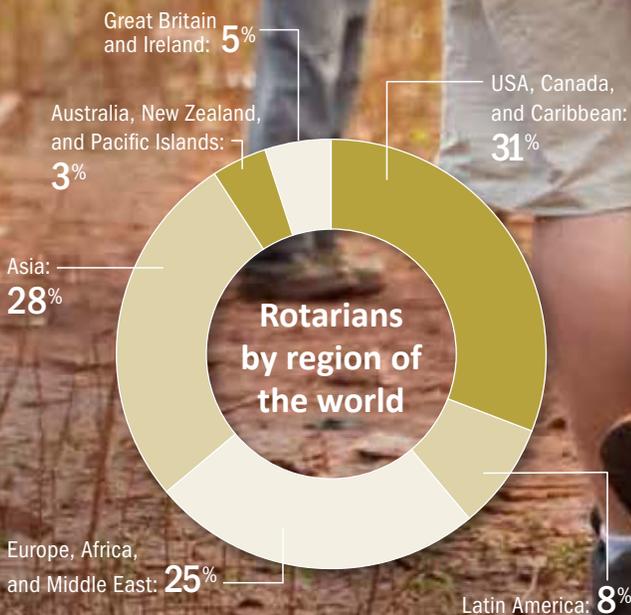
34,301 Rotary clubs

530 Rotary districts

8,703 Rotaract clubs

13,556 Interact clubs

7,142 Rotary Community Corps



All figures as of 30 June 2011.



### **On the cover**

Worldwide Rotarian support for the Haiti Earthquake Relief Fund, which raised and distributed more than US\$2 million, helped provide clean water and other essentials to families in Haiti.

ROTARY IMAGES

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