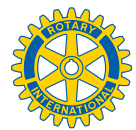





Rotary International



2007-08 Annual Report



The mission of Rotary International, a worldwide association of Rotary clubs, is to provide service to others, promote high ethical standards, and advance world understanding, goodwill, and peace through its fellowship of business, professional, and community leaders.

Fountain of joy

Once rare, clean water now flows freely for these children in Valle San Juan, Nicaragua. The U.S. and Nicaraguan Rotary clubs' successful drilling program has produced more than 100 water wells during the past six years.

Tina Miller

2007-08
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A message from the RI president

The opportunity to serve as RI president is a treasure to be cherished. It is an incredible chance to see the world of Rotary at work, in so many different regions and communities. Everywhere Joan and I went during our year, we saw how *Rotary Shares* — in countless ways, large and small, public and private, every day. In each club and district we visited, we saw Rotarians working to bring about a healthier, safer, more hopeful world. We saw Rotarians working through projects in water, health and hunger, and literacy to ensure a better future. We saw the family of Rotary in action, including our younger members with their diverse programs and our seniors. And we saw Rotarians living the Rotary ideals of fellowship, friendship, and service — to build peace.

I truly believe that the work Rotarians are doing today is helping us grow toward a more peaceful world. For me, the idea that peace is possible has a special resonance in Rotary, because as Rotarians, we are able to overcome the barriers of nationality, race, religion, and language, and work together. Again and again, I saw Rotarians from diverse backgrounds put aside their differences and serve together. I saw how much they were able to achieve. And it gave me a great deal of hope.

The presidential peace conferences and membership conferences held in 2007-08 stand out in my memories of this Rotary year because they showed us all the ways that we must, and will, move forward to build peace through Rotary. We will do it through Rotary fellowship, and we will do it through service. We will do it through kindness, and we will do it with love. But we will only be able to achieve our goals if we have the members to keep pace with the world's growing needs. That is why I challenged Rotarians everywhere to take upon themselves the responsibility of bringing in one new member in this Rotary year — and every year to come.

All of us in Rotary know only too well how many obstacles stand between us and a world free of conflict. We know that world peace is a distant dream, one that we may not see in our own lifetimes. But we know that the work we do, the goodwill we spread, and the friendship we share will bring it closer. And we know that as long as *Rotary Shares* goodwill and friendship, it also shares hope — hope for a world at peace.

Wilfrid J. (Wilf) Wilkinson
RI President, 2007-08



At the presidential peace forum in Windsor, Ontario, Canada, with artist Vincent Franzoi, Wilkinson prepares to sign the Hands of Peace mural with an orange palm print.



Clubs are the heart of Rotary's work

Rotary is essentially a grassroots organization, with most of its service efforts being carried out at the club level. By focusing their efforts on Rotary's often-overlapping three areas of emphasis — water, health and hunger, and literacy — Rotary clubs are making the world a better place, one project at a time.

Water is at the source

Disease prevails when clean water is scarce. Time spent foraging for water means less time for school.

Simple, affordable decontamination

More than 1.1 million people living in Norte de Santander, Colombia, drink contaminated water. Even some communities with water treatment plants lack qualified technicians and can't provide residents with safe drinking water.



Members of the Rotary Club of Cúcuta reached out to low-income residents in this part of the country and trained them to use a simple, cost-effective water purification method known as SODIS. Developed in Switzerland, SODIS uses solar UV-A radiation and temperature to inactivate pathogens and reduce fecal contamination in water. Transparent PET plastic bottles (such as ordinary soft drink bottles) are filled with contaminated water and exposed to full sunlight for six hours.

Waterborne coliform bacteria often cause diarrhea and other health problems. A 2005 UNICEF report found that 26 of every 1,000 children in Colombia die each year of complications relating to waterborne diseases, notes Cúcuta's 2007-08 club president Gustavo Arocha Camperos.

Club members ventured into the remote region to conduct the training, which included education on the relationship

between contaminated water and disease, practical demonstrations of the method, question-and-answer sessions and facilitated discussions, and distribution of educational and promotional materials.

The Cúcuta club partnered with the local government to implement the US\$33,000 project from June to December.



In Colombia, where complications from waterborne diseases is a leading cause of child mortality, the Rotary Club of Cúcuta taught a simple, cost-effective water purification method to residents in 40 municipalities.

Drilling wells where water is needed

As soon as Nicaragua's rainy season ends in January, organizers of the Nicaraguan Water-Well Drilling Program get moving. They only have four to five months of good weather to sink the wells.

Started by the Rotary Club of Tulsa, Oklahoma, USA, the project is a joint effort with the Nicaraguan Rotary clubs of León and Masaya. While the Masaya club has been involved from the start, the León club joined the effort in 2007-08, broadening the project's reach. Through its Own a Well outreach efforts, the Tulsa club has involved dozens of other Rotary clubs as well sponsors.

More than 115 wells have been drilled since the project's 2002 inception, including 31 during the 2007-08 Rotary year. These wells supply much-needed clean water to remote villages, schools, and hospitals. Nicaragua, one of the poorest countries in the Western Hemisphere, lacks the resources to provide potable water and sanitation, especially in rural areas.

Each year at the start of the drilling season, the Tulsa club ships well-building materials — casing, pipes, ropes — to Nicaragua. Local Rotarians verify the need for requested wells, and a group of 15 to 20 U.S. Rotarians from sponsoring clubs also joins the effort for a couple of weeks each year.



Tom Byers

In Pantanal, Nicaragua, 250 households are served by a well drilled through combined efforts of local and U.S. Rotarians. Villagers, including young children, used to spend hours foraging for water every day.

Alumni clubs continue cycle of giving

Three Rotary clubs composed mostly of alumni from RI and Rotary Foundation programs teamed up in 2007 on a water project in the Philippines.

Less than six years after their charters, the clubs of Mandaluyong-Pasig-San Juan, Metro Manila, Philippines; Kanagawa Shonan, Kanagawa, Japan; and Colombo Reconnections, Western Province, Sri Lanka, together supplied more than 12,000 teachers and indigent students access to clean water. The Matching Grant project drilled four deep wells and repaired another at schools in northern Caloocan City.

This collaboration and their alumni connection was no coincidence. Past District Governor Lina Aurelio, who helped charter the Philippine and Sri Lankan clubs in 2002, met with Japanese Rotarians including RI Director Kazuhiko Ozawa, at the 2004 RI Convention. Ozawa helped launch the Kanagawa Shonan club later that year, and Aurelio introduced the three alumni clubs through e-mail.

Naoyuki Takagi, charter president of the Kanagawa Shonan club, and a 1987-88 Rotary Foundation Ambassadorial Scholar, says: "Most of us have been served by Rotary, and this how we learned the spirit of service for which Rotary stands."



Rotary alumni clubs in Japan, the Philippines, and Sri Lanka worked together to bring clean water to several schools in Caloocan City, Philippines. From left: An official from M.H. Del Pilar Elementary School; Past District Governor Lina Aurelio; Rotarian spouse Mariko Nakada; Rotarians Naoyuki Takagi, Hiroko Yunoki, Chigusa Hara, Del Domingo, Oscar Bautista, and Masahiro Nakada; and Gregorio Cabatuando, supply officer of the Division of City Schools.

Feeding hunger and fostering good health

Immediate needs must be met to set the stage for a better future.

Visionary club offers free eye screenings

Quezon Province in the Philippines is known as the home of Mount Banahaw, a dormant volcano thought to have sacred and mystical properties. But for the region's poor, finding affordable health care is an uphill battle all but void of blessings.



Because few employment opportunities exist for blind people in the Philippines, developing a vision impairment can throw an already struggling family into poverty. And for the residents of the Bondoc Peninsula, cataract surgery and even eye drops are simply too expensive. "That part of Quezon Province is home to poor farmers and is close to the Bicol Region that is always affected by typhoons," says Cornelio "Jhun" Pasumbal, 2007-08 president of the Rotary Club of Lucena South, Quezon.

The Lucena South club partnered with a local hospital and five municipal governments to provide free eye screenings and corrective eye surgery to



The Rotary Club of Lucena South organized a three-day eye screening for 500 people in Quezon, Philippines. As a result, 118 eye surgeries were performed at no cost to patients, including 69 surgeries for cataracts.

low-income residents of the Bondoc Peninsula. The project was also supported by the Rotary Club of Tuguegarao, Cagayan, and Rotary connections helped secure the assistance of a prominent eye surgeon from Manila who performed cataract surgeries.

Screenings and surgeries took place in September 2007 at the Catanauan District Hospital in Catanauan, a six-hour drive southeast of Manila. Health officials from six towns in the area — Catanauan, General Luna, Macalelon, Mulanay, San Francisco, and San Narciso — helped build an initial list of low-income patients. Members of the Lucena South club distributed leaflets and arranged for public service announcements on radio and television to get the word out to the towns' combined population of more than 230,000.

Clubs come together to ease hunger

Even in the world's richest country, people go hungry.

Southwestern Missouri is one area of the United States where the rural poor struggle to make ends meet. Many rely on the local food pantry to feed their families, and most of those pantries are stocked by Ozarks Food Harvest, which serves 29 counties in this corner of the state.

But Ozarks Food Harvest couldn't reach those who live in smaller communities that lack adequate facilities for food distribution. Five clubs in Springfield, Missouri, raised funds and awareness for a mobile food pantry, which enabled Ozarks Food Harvest to distribute three times as much food to the affected counties in 2007 compared to 2006, according to Bart Brown, Ozarks Food Harvest executive director. When gas prices spiked in June 2008, Brown says, some rural pantries reported a decline because clients couldn't afford the gas to drive to the pantry. Counties served by the mobile food pantry experienced no such declines.



With a combined membership of 600, the Rotary clubs of Springfield, Springfield-North, Springfield-Southeast, and Springfield-Sunrise, along with the Rotaract Club of Springfield, also provide volunteers for food distributions, and are raising funds for a second mobile food pantry.

The mobile food pantry has panel doors on both sides of the cargo trailers, making it easy for volunteers to distribute food directly from the



A mobile food pantry sponsored by five clubs in Springfield, Missouri, USA, tripled the amount of food distributed to the rural poor.

Rotary Images

truck. The design also makes it easier to distribute perishable items — produce, dairy, frozen foods — unavailable at most food pantries, which have limited space for coolers and freezers.

Springfield-based Ridewell Corporation, which manufactures suspensions for trucks and trailers, donated \$100,000 toward the purchase of the first mobile food pantry in 2007. Steven Montgomery, a Springfield-Southeast club member and a Ridewell employee, brought the project to the company owners' attention and encouraged them to get involved.

“We may not be able to eliminate hunger, but certainly we can have a really positive impact if we collaborate with other organizations,” says Springfield Rotary club member Tamara de Wild, cochair of the project's steering committee.

Rotaractors bring power to Gambasse

Providing health care requires infrastructure. That's why in November 2007, Rotaractors from Spain traveled to the small West African country of Guinea-Bissau to install solar panels that now provide electricity to a medical clinic and a school.

“Throughout the country there is no electrical supply,” explains Oskar Irmmler, past president of the Rotaract Club of Barcelona, Spain.

Rotary clubs in 163 countries organize and

sponsor Rotaract clubs, which are leadership, professional development, and service organizations for young adults ages 18-30.

In Gambasse, the newly installed solar panels generate enough electricity to power a recently donated refrigerator that houses vaccines and other medicines. The panels also power lighting in the medical dispensary and in a school, enabling women in the village to study after sunset, Irmmler says.

The Gambasse project is also forming a women's cooperative and providing education in agricultural management.

Seeking a long-term international project, the Rotaract clubs of Abad Oliba-Condal, Barcelona, and Barcelona Mediterráneo started Project Gambasse in 2003.

A group of Spanish Rotaractors brought electricity to a medical clinic and a school in Gambasse, Guinea-Bissau, where half of the village's 500 residents are children.



Literacy and learning lead to a better future

Educational opportunities are the key to breaking the cycle of poverty.



The Rotary Club of Bangalore Midtown, Karnataka, India, made a long-term commitment to a local high school to ensure that students have the tools and resources they need to acquire an education.

Bangalore club adopts local high school

The Government High School in Gottigere, Karnataka, India, had an enrollment of only 183 students in 1997. Ten years later, enrollment had jumped to 850. The difference? A long-term commitment from the Rotary Club of Bangalore Midtown to improve the school.



Some two-thirds of children who are eligible for government education in India do not attend school because of extreme poverty; parents who work as manual laborers, for example, often cannot afford the school fees, according to 2007-08 Bangalore Midtown club president G. Ravi

Shankar. And as the thriving metropolis of Bangalore inches closer to small, once-remote villages like Gottigere, the village's poorly educated residents are ill-prepared to take advantage of the city's economic opportunities.

The Bangalore Midtown club adopted the

Gottigere high school in 1997 and has since equipped it with furniture, computers, and books, along with basic amenities such as toilets and a source of clean drinking water. The club also partnered with UNICEF on a US\$120,000 project to construct 14 new classrooms. Other partners have included the Rotary clubs of Sitiawan, Perak, Malaysia, and Stockton East, California, USA.

Rotarians partner for kids in Kilifi

In Kilifi, a rural town and surrounding district on the coast of Kenya, only 1 child in 10 completes an eighth-grade education. School fees, about US\$250, are simply more than local families can afford.

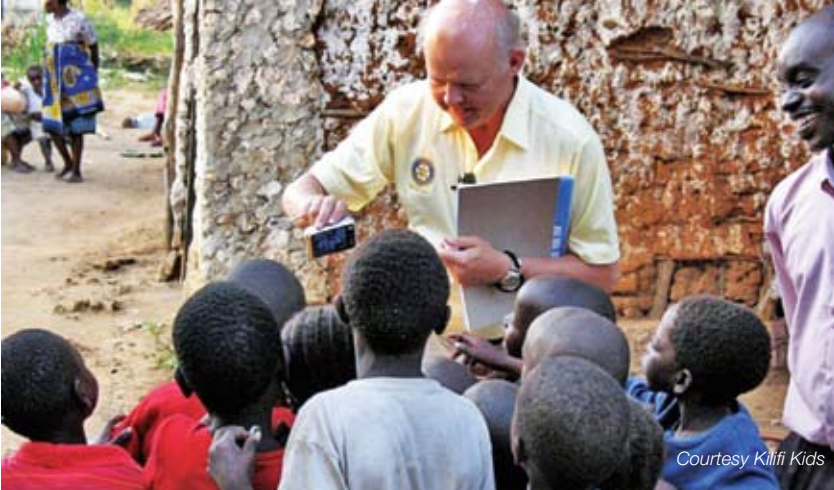
So members of the Rotary Club of Kilifi have made education their focus. "Kilifi's residents are poor, and in our opinion, education is the only long-term solution to this problem," says Janet Medega, past president. The club sought partners to help provide scholarships for secondary school students through Rotary's ProjectLINK database.

U.S Rotarians Marc Olsen, of the Rotary Club of Vinings, Georgia, and his brother Michael Olsen, of the Rotary Club of Elmbrook, Wisconsin, learned about Kilifi through the database. They traveled to Kenya in July 2007 on a Volunteer Service Grant and met with Kilifi Rotarians and other service organizations in the area. Soon, the Kilifi Kids project was launched.

In partnership with the local scholarship organization KESHO, Kilifi Kids has committed to



From left: Past District Governor Gary Olsen of Wisconsin, USA, and Charles Mbogho of Kilifi, Kenya, meet with the principal of the Bahari School for Girls, which received a computer lab through the Kilifi Kids project.



Courtesy Kilifi Kids

Second-generation Rotarian Gary Olsen shares travel photos with a group of Kilifi children. Olsen's two sons, both Rotarians, are also involved in the Kilifi Kids project.

provide secondary school scholarships to 48 high-achieving students in need of financial assistance over the next four years. Kilifi Kids also set up computer labs in three schools and at the Kilifi District Library and provided computer training for teachers. To help children be healthy for their studies, the project implemented a deworming program, treating 27,000 primary school-age children for two types of parasites.

Members of the Kilifi Rotary club play a critical role in planning and implementing Kilifi Kids projects, while their U.S. partners help with strategy, logistics, and funding. The Olsen brothers enlisted support from Rotary clubs and districts in Florida, Georgia, North Carolina, Virginia, and Wisconsin, and raised more than \$160,000 for Kilifi Kids during 2007-08. They've also been instrumental in securing two grants from The Rotary Foundation, including Matching Grant support for scholarships and deworming.

E-club takes on projects for youth

The regular weekly meetings that historically have been a Rotary club hallmark can prove logistically difficult for some professionals. That's where e-clubs come in — they function like a regular Rotary club, but members use electronic communication to conduct club business. Rotary began the six-year E-Club Pilot in 2004.

One of the first e-clubs formed, the Rotary E-Club of District 3310 in Singapore, focuses on education and programs for youth. At the Roslin Orphanage in Kupang, Indonesia, which is managed by club member Budi Soehardi and his wife, Rotarians helped set up a library, including installing computers. The club also sponsored a group of Rotaractors and Singaporean college students to

travel to West Timor to volunteer at the orphanage for two weeks, and it has completed two Matching Grant projects to fund libraries and drill a well in West Timor, in conjunction with the local Rotary Club of Kupang.

District 3310 e-club members regularly collaborate on projects through e-mail and message boards on the club's Web page and attend in-person meetings once a month. "Without an e-club, it might not be possible for me to be a Rotarian," says Soehardi, a commercial airline pilot. As an e-club member, he says, "I can actively participate, regardless of whether I am in New York, Los Angeles, or someplace else."

Club members aren't required to live in Singapore, but they must attend at least half of the monthly meetings. "In other words, if you travel frequently to Singapore, we would be happy to invite you to join our Rotary e-club," says charter president Ban Seng Chew.

In 2007, the club chartered the Rotaract E-Club of District 3310. "It provides an avenue for our graduating members of the Interact Club of ITE College East to remain within Rotary," Chew says, "and for our Rotarians to continue to act as mentors."

The e-club has earned an RI Presidential Citation every year since its 2004 charter. To its members, the "e" stands for enterprising, enthusiastic, and enlightening, Chew says.



Courtesy Roslin Orphanage

Children at the Roslin Orphanage in Kupang, Indonesia, use the library and computers provided with help from members of the Rotary E-Club of District 3310, Singapore.

Strength in numbers

RI President Wilfrid Wilkinson's emphasis on membership growth and retention inspired clubs to welcome new members into the Rotary family.

Korean club achieves 91 percent growth rate

When Sang Kwun Kim took office as the 2007-08 president of the Rotary Club of Gwangju-Ibseog, Gwangju, Korea, the club had 69 members. His membership goal for the year was to reach the 100-member mark.

His club did much better than that. Members almost doubled the size of the club, finishing out the year with 132 members.

This growth was the result of a unified effort from all members and past presidents, according to Kim.

Kim emphasized the importance of recruiting new members at each weekly club meeting. He encouraged club members to promote Rotary at their various local business, educational, and professional organizations. And each week he recognized every member who had recruited three or more new members.

With an average age of 48, club members wanted to recruit more young professionals. So they organized golf and hiking social activities, with the club supporting these outings financially to help encourage participation.

To boost meeting attendance, Kim distributed a monthly attendance chart to members and publicly recognized members with perfect attendance twice a year. The club also began holding informal social events after weekly meetings to allow members more fellowship opportunities. The events proved very popular: Over 80 percent of club members attended regularly.

The recruitment strategy was also sensitive to club members' family obligations. Spouses of members were encouraged to hold monthly meetings and support their partners' efforts in Rotary. Club members were encouraged to participate in other members' family events, such as weddings and funerals, in order to increase fellowship and unity among members.

India club targets new professions for growth

Dimapur, the main commercial hub in far northeastern Nagaland, is one of India's fastest-growing cities. The Rotary Club of Dimapur has experienced growth as well, increasing its membership by more than 18 percent.

Membership growth was a focus for the club during the year, according to 2007-08 club secretary Rajeev Singh. First, club members examined their classification list to determine which professions were underrepresented in the club, such as banking and education. Club members from those professions were encouraged to invite colleagues to meetings to learn about Rotary. In addition, all members were asked to invite at least 10 colleagues to a club meeting or event during the year.

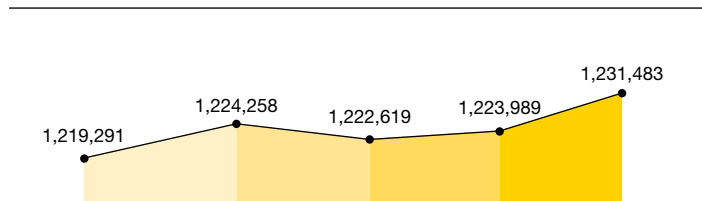
"We were of the opinion that if members bring along even 10 friends or colleagues in one year, at least one (of those 10) will be interested," Singh says. Women members in the club were particularly encouraged to invite female colleagues; as a result, one-fourth of the club's new members in 2007-08 are women.

New members and their families were also invited to participate in the club's projects, which include adopting a local school, an initiative to bring insurance to low-income children, and financial support for Gift of Life, which provides surgeries for children born with congenital heart defects. New members were given responsibilities in projects and club events so that they would immediately feel part of the club.

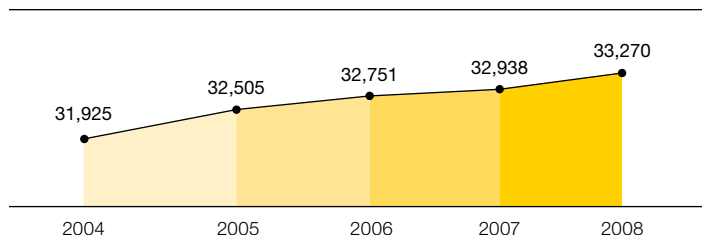


MEMBERSHIP TRENDS

Members



Clubs



Totals as of 30 June



District 7190 Polar Bears warm up after their end-polio plunge. From left: Past District Governor Anne Cargile, 2008-09 District Governor Mike Popolizio, and 2007-08 District Governor Harriet Noble.

Rising to the challenge

Rotary's leadership in the polio eradication effort was recognized in 2007 with a \$100 million challenge grant from the Bill & Melinda Gates Foundation

Rotary's US\$100 Million Challenge, announced in November 2007, is injecting much-needed funds into the global effort to eradicate polio. Rotary is matching the Bill & Melinda Gates Foundation challenge grant dollar for dollar, over three years, with each of the 33,000 Rotary clubs in the world being asked to raise at least \$1,000 annually.



Many Rotary clubs plunged in right away. On New Year's Day in District 7190 (New York, USA), for example, 20 hardy Rotarians, dubbed the Polar Bears, dove into the frigid waters of Lake George to raise \$25,000 in support of the challenge.

Clubs are also reaching out to fundraising partners in their communities. The Rotary Club of Elgin, Illinois, USA, convinced two Chicago-area health care providers to help: The Elgin club raised \$40,000, and Provena Saint Joseph Hospital and Sherman Health each contributed \$5,000.

The Gates Foundation grant is the largest grant received by Rotary in its 103-year history. Since 1985, Rotary has made polio eradication its top priority, contributing more than \$700 million to the effort to date.



From left: Elgin club president Michael McKay; Sherman Health board chair Rick Jakle; Sherman Hospital board chair Terry Dunning; RI President Wilfrid Wilkinson; and Provena Saint Joseph Hospital Foundation board member Jim Flahaven, executive director Bonnie Emberton, and development associate Sr. June Does.

2007-08 Membership

1,231,483
Rotarians worldwide

532
Rotary districts

33,270
Rotary clubs

696
new Rotary clubs chartered

7,396
Rotaract clubs

170,108*
Rotaract members

11,605
Interact clubs

266,915*
Interact members

6,357
Rotary Community Corps

146,211*
RCC members

— As of 30 June 2008; *estimate

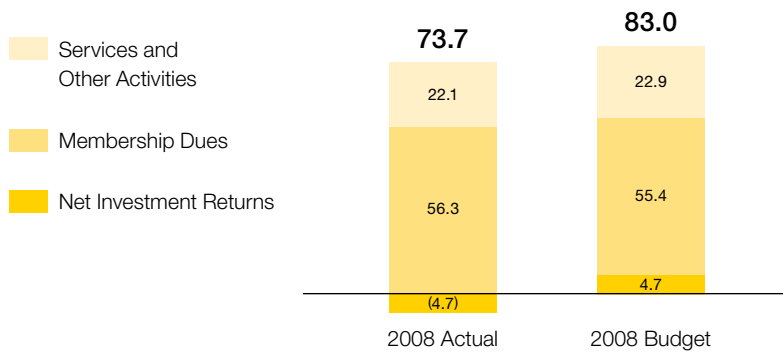


Joseph Cervelin

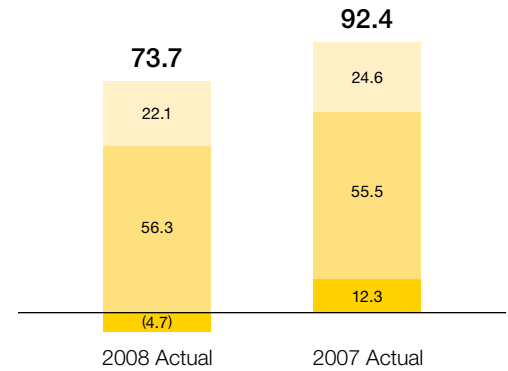
REVENUES

US\$ (millions)

Revenues Compared to Budget



Revenues Compared to Previous Year



Explanation of variances

2008 Actual to 2008 Budget

Revenues were \$9.3 million less than budgeted, primarily as a result of investment losses due to the downturn in the global financial markets. Investments produced losses of 5.4 percent (or \$4.7 million), falling below the 5.0 percent budgeted return. Revenues from services and other activities were \$0.8 million below budget, while dues revenues were \$0.9 million greater than the budgeted amount, primarily due to the increase in membership as reported on page 8.

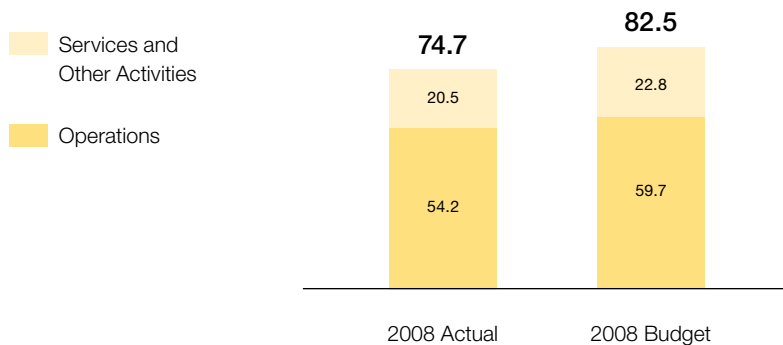
2008 Actual to 2007 Actual

Revenues were \$18.7 million less than the previous year, driven principally by a \$17.0 million decrease in investment returns due to the difficult investment environment. Additionally, services and other activities decreased \$2.5 million from the prior year as a result of revenues from the Council on Legislation, which is conducted every three years and was last held in fiscal year 2007. Revenues from dues increased, due to an increase in membership and no change to membership dues.

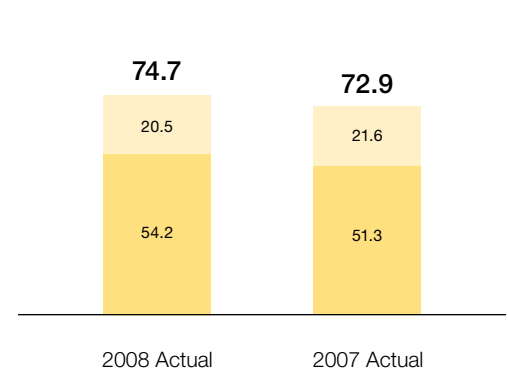
EXPENSES

US\$ (millions)

Expenses Compared to Budget



Expenses Compared to Previous Year



Explanation of variances

2008 Actual to 2008 Budget

Expenses were \$7.8 million less than budgeted. Reductions in expenses across nearly all operational areas accounted for \$5.5 million of this difference. Expenses associated with services and other activities were \$2.3 million less than budgeted, primarily due to reduced spending on the International Convention and savings in *The Rotarian* magazine costs.

2008 Actual to 2007 Actual

Total expenses increased 2.5 percent (or \$1.8 million) over the previous year. Operational expenses increased \$2.9 million, primarily due to additional Public Relations Grant activity, International Assembly expenses, and Programs and Meetings activities. Expenses related to services and other activities decreased \$1.1 million as a result of expenses from the tri-annual Council on Legislation, which was last held in 2007.

WHAT RI RECEIVED IN 2008

US\$ (millions)

Membership dues used to support operations	56.3
Services and other activities	22.1
Magazine	6.6
One Rotary Center	5.9
International convention	5.6
License fees, royalties, and other income/expenses – net	2.5
Publications and supplies	0.9
Captive insurance company	0.6
Net investment return	(4.7)
Total Revenue	73.7

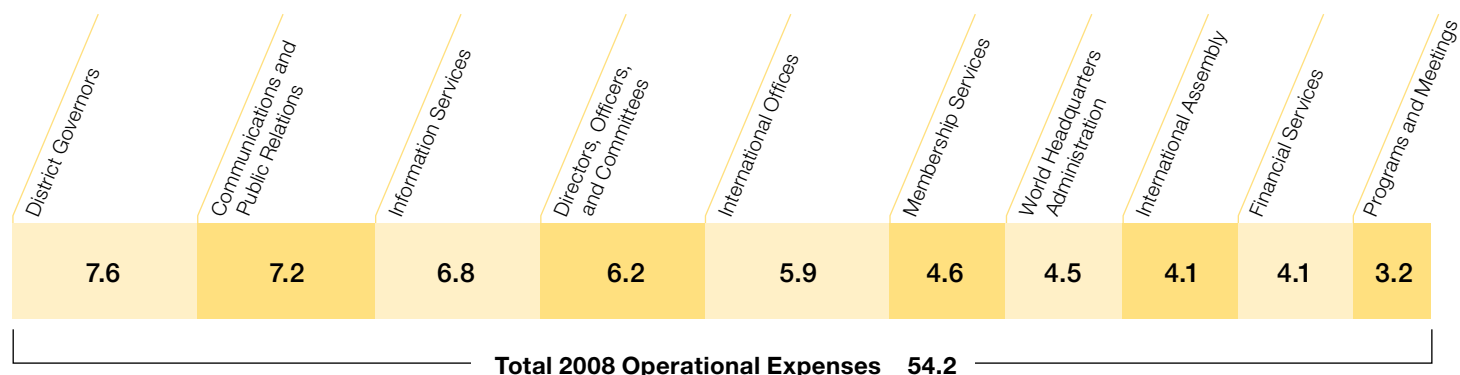
WHAT RI SPENT IN 2008

US\$ (millions)

Operations (see breakdown below)	54.2
Services and other activities	20.5
Magazine direct costs	5.4
One Rotary Center	6.7
International convention	5.3
License fees, royalties, and other income/expenses – net	0.7
Publications and supplies	1.7
Captive insurance company	0.7
Total Expenses	74.7

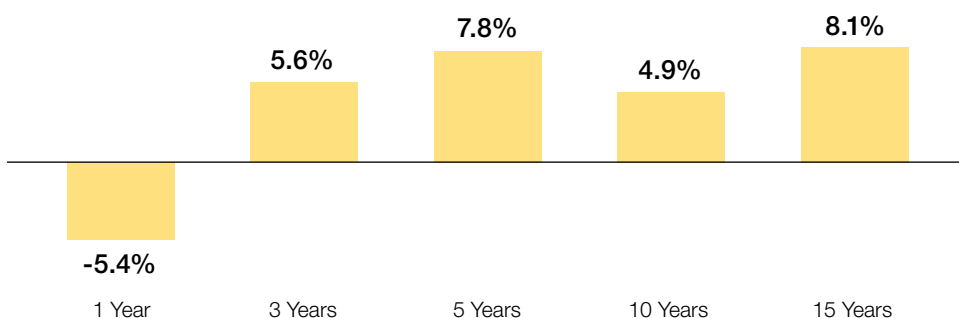
OPERATIONS EXPENSES

US\$ (millions)



ANNUALIZED INVESTMENT RETURNS

As of 30 June 2008



Rotary International investments produced a net loss of \$4.7 million in fiscal 2008 after generating a near record \$12.3 million net gain in fiscal 2007. This year's investment results were primarily attributable to investment losses that were unrealized. In accordance with accepted accounting

policies, Rotary must record investments at fair market value, which resulted in investment losses in fiscal 2008. However, due to Rotary's cash strength, RI did not need to liquidate investments for operations and, therefore, these losses were not realized.

Presidents' expenses

In fiscal year 2008, RI paid expenses of \$686,000, \$694,000, and \$115,000 to and on behalf of the president, president-elect, and president-nominee, respectively.

These expenses included travel (airfare, hotel, and meals), the RI theme, public relations, housing, and moving costs. In addition, RI paid \$475,000 of expenses to operate the presidents' offices and \$32,000 for presidential conferences. (RI Bylaws 17.080)

These expenses are included as part of Directors, Officers, and Committees expenses shown above.

Details of the presidents' expenses are available at www.rotary.org.

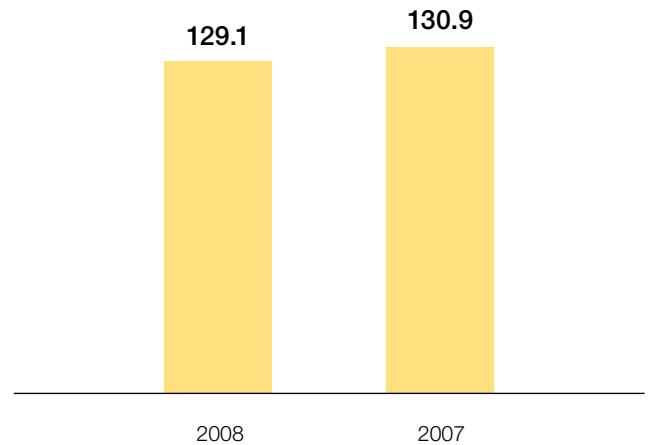
FINANCIAL POSITION

US\$ (millions)

Assets	
Cash and investments	112.8
Club and other accounts receivable	4.6
Property and equipment – net	37.2
Due from The Rotary Foundation	0.1
Other	4.0
Total	158.7

Liabilities and Net Assets	
Accounts payable	7.5
Accrued expenses	15.5
Deferred revenue	3.5
Pension obligation	3.1
Total Liabilities	29.6
Unrestricted Net Assets	129.1
Total	158.7

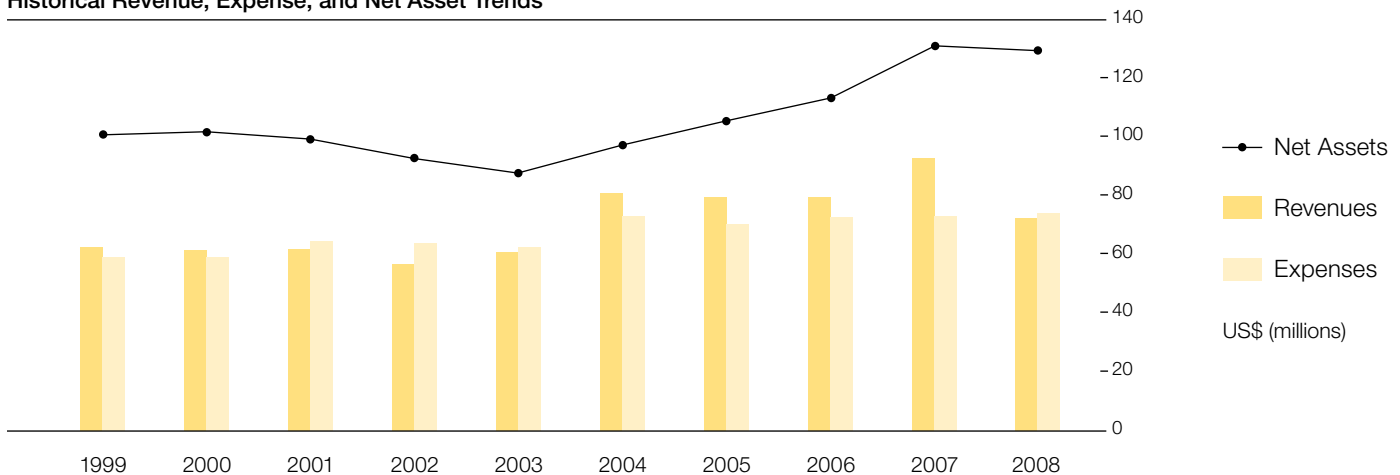
Net Assets Compared to Previous Year



2008 Actual to 2007 Actual

Net assets decreased by \$1.8 million over the previous year as a result of expenses exceeding revenues by \$1.0 million, as well as a \$0.8 million charge to record RI's increased pension obligation over the previous year.

Historical Revenue, Expense, and Net Asset Trends



Recent trends

From fiscal 2001 through 2003, expenses exceeded revenues, primarily due to a difficult investment climate that led to insufficient investment earnings to cover budgeted expenses. These deficits reduced net assets during this period.

From fiscal 2004 through 2007, revenues exceeded expenses and net assets grew as a result of improved investment earnings, a membership dues

increase, and controlled spending.

During fiscal 2008, expenses exceeded revenues, again primarily due to a difficult and volatile investment climate. Although investments have lost value in the short term, Rotary's investment policies have proven to be sound through past down markets.

Rotary maintains a diversified portfolio to mitigate the impact of losses in any particular market. This prudent management

should allow programs and projects to continue as planned. Rotary International has adequate reserves to operate without having to sell investment securities at a loss.

Current investment policies set by the RI Board of Directors continue to be appropriate for the long term and provide confidence that the investment and reserve policies will allow the good work of Rotary to continue around the world.

Information is taken from the Audited Financial Statements, available at www.rotary.org.

Food for all

Supported by five clubs in Missouri, USA, this mobile food pantry makes a stop in the Ozarks town of Gainsville. Most of the town's 600 residents met the truck to receive bags filled with donated food and household necessities.





Rotarians from the Rotary Club of Irvine Spectrum volunteer at the local South County Outreach Center in Lake Forest, California, USA. Back cover, from left: Cisca Stellhorn, Ed Hardenburgh, Mary Mar, Sean McDowell, Luana Rodberg, Austin Wall, Stella Cardoza, John Alcorn, Bob Yaap, Jaap Laufer, Harish Murthy, Pannkaj Kummar. Front cover, from left: Richard Milo, Peggy Stalter, Al Rosenstein, Mody Gorsky, Dale Ford.



ROTARY INTERNATIONAL®

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