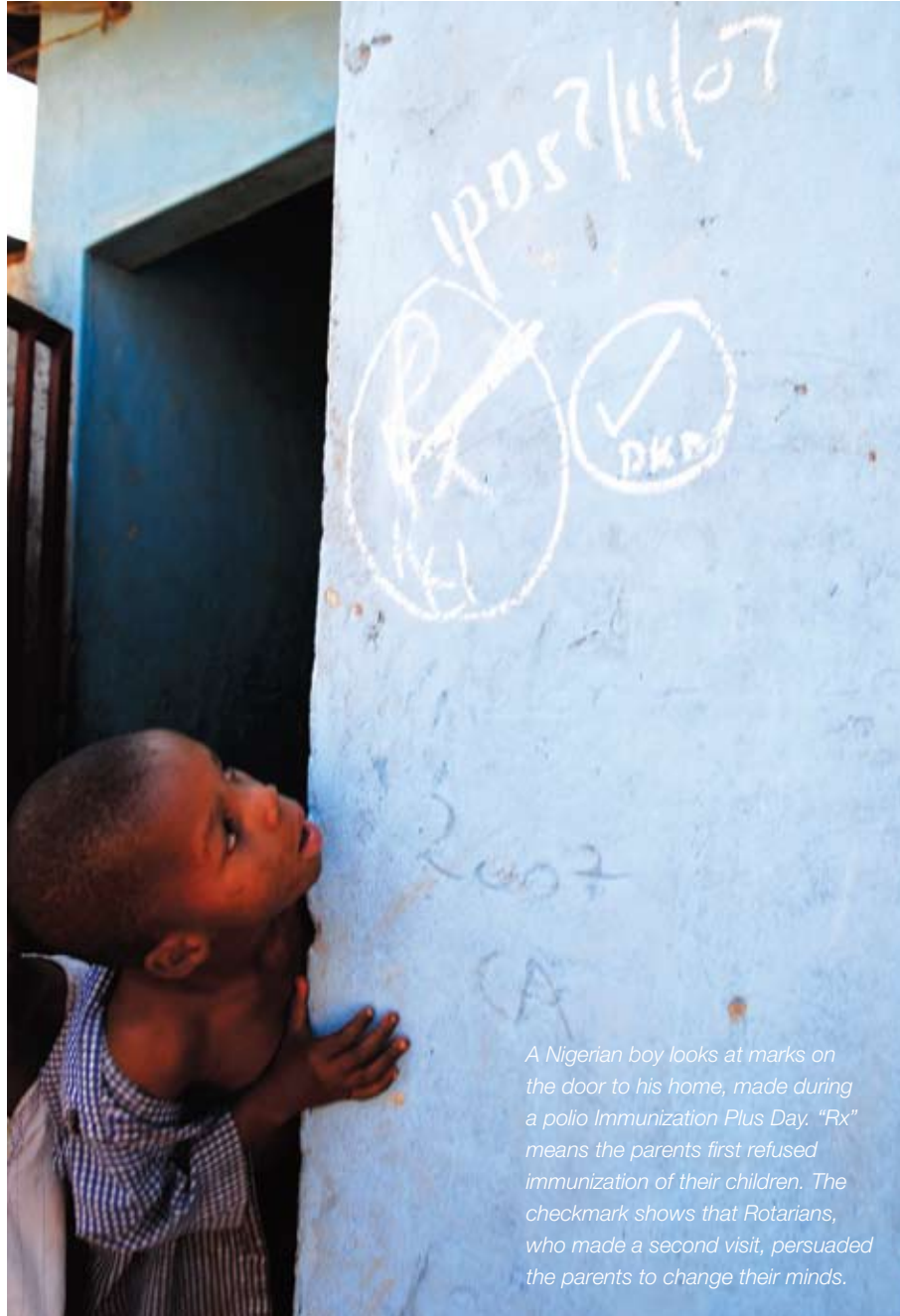




END POLIO NOW



The Rotary Foundation
2007-08 Annual Report



AFOLABI SOTUNDE

A Nigerian boy looks at marks on the door to his home, made during a polio Immunization Plus Day. "Rx" means the parents first refused immunization of their children. The checkmark shows that Rotarians, who made a second visit, persuaded the parents to change their minds.

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.

Cover: A volunteer vaccinates a child against polio during a Subnational Immunization Day in the state of Bihar, India, one of the country's last strongholds of the virus.

It was an exciting day in October when Rotary received word from the Bill & Melinda Gates Foundation of the US\$100 million challenge grant awarded for polio eradication. Rotarians are helping to match the grant by generously contributing to Rotary's US\$100 Million Challenge. This faithful support is yielding significant gains toward finishing polio once and for all, as described in this report.



Ending this crippling and sometimes fatal disease remains Rotary's highest goal. Dr. Margaret Chan, director-general of the World Health Organization, echoed our organization's commitment at the 2008 RI Convention in Los Angeles, when she declared: "I am making polio

eradication the top operational priority of the WHO."

All of The Rotary Foundation's programs are crucial to realizing a better world. Rotarians worldwide demonstrated that belief in 2007-08 through record support for the Every Rotarian, Every Year initiative, contributing \$114.8 million to the Annual Programs Fund. This has also been a record year for the number of major gifts to the Foundation of \$10,000 or more: 644.

In addition, I'm happy to report good progress in reconnecting with Foundation alumni, another goal for 2007-08. Two Rotary clubs founded by alumni in Japan and the Philippines, for example, recently teamed up to carry out a safe-water Matching Grant project in the Philippines. Alumni are also contributing to Rotary's

Your continued strong support will help Rotary keep its promise to the world's children to eradicate polio.

challenge for polio eradication, in some cases becoming Major Donors. Former Rotary World Peace Fellows continue to reinforce the belief that peace

is possible through their frontline work in conflict resolution.

Rotarians demonstrated strong support in 2007-08 for the Rotary Centers for International Studies, especially through funding of named and endowed peace fellowships. Moreover, almost one-third of the \$95 million goal of the Rotary Centers Major Gifts Initiative, which runs from 2005 to 2015, has been raised in current gifts and future commitments.

The Future Vision Plan, adopted by the RI Board of Directors in June, will make our Foundation even more effective in doing good in the world. Your continued strong support will help Rotary keep its promise to the world's children to eradicate polio and enable the Foundation to carry out its mission of improving health, supporting education, and alleviating poverty.

A handwritten signature in black ink, reading "Robert S. Scott". The signature is stylized and cursive.

Robert S. Scott
2007-08 Trustee Chair
The Rotary Foundation

POLIOPLUS

Working to create a polio-free world

RI and Gates Foundation commit US\$200 million for push to end polio

In November, Rotary International announced a partnership with the Bill & Melinda Gates Foundation to inject a much-needed US\$200 million into the global effort to eradicate polio. The partnership is based on a \$100 million challenge grant that the Gates Foundation awarded to The Rotary Foundation and \$100 million the Foundation is raising in matching funds.



The Foundation's new funding initiative — Rotary's US\$100 Million Challenge — began on 1 January 2008 and extends until 31 December 2010. "Each Rotary club is being asked to contribute at least \$1,000 annually," said Rotary Foundation Trustee Chair Robert Scott. "If you consider there are 33,000 clubs in the world, their combined fundraising efforts would result in almost the full matching amount of \$100 million."

Rotarians are rising to meet Rotary's challenge, spurred by the desire, as Scott put it, "to share in the legacy of wiping out a disease that has caused so much disability and death worldwide."

In India, Harshad Mehta, a member of the Rotary Club of Bombay Metropolitan, has committed to contribute \$2 million over three years. Rajashree Birla, an honorary member of the Rotary clubs of Mumbai and Mulund,

"If you consider there are 33,000 clubs in the world, their combined fundraising efforts would result in almost the full matching amount of \$100 million."

Robert Scott



COURTESY OF RAMESH FERRIS CYCLE TO WALK SOCIETY

Polio survivor Ramesh Ferris rides a handcycle across Canada to raise funds for Rotary's US\$100 Million Challenge.

made a gift of \$1 million. She also arranged a briefing meeting on polio eradication with Usha Mittal, wife of Lakshmi Mittal, who leads ArcelorMittal, the world's largest steelmaker. At Birla's encouragement, Mrs. Mittal generously responded with a \$1 million contribution to Rotary's challenge.

Rotary clubs and districts are also fueling a creative fusion of fundraisers, from a film benefit in India, a golf tournament in Scotland, and a polio survivor's trans-Canadian cycling expedition, to a contribution from the International Fellowship of Cricket Loving Rotarians.

As Bob Tomlinson, of the Rotary Club of Kirkintilloch, Strathclyde, Scotland, said: Everyone's desire "is to drive polio from the planet, something Rotary will achieve. Believe it."

What does it take to conduct a single National Immunization Day in India?



2.5 million
vaccinators



1.17 million
vaccination teams



155,000
supervisors with 155,000
vehicles/other modes of
transport

Advocacy boosts India's bid to eliminate polio

In 2007, nearly 40 percent of India's 864 polio cases and more than a quarter of cases worldwide occurred in Uttar Pradesh, the country's most populous state. Eighty percent of the 339 cases in Uttar Pradesh occurred in Muslim communities, where doubts about the safety of the polio vaccine and its conformance to Islamic teachings prompted many parents to refuse immunization for their children.

During the first six months of 2008, however, a Rotary-led initiative of Muslim leaders addressed these misconceptions and helped dramatically increase community acceptance of immunization efforts. As a result, the proportion of polio victims who are Muslim has decreased from 70 percent in 2007 to 29 percent in mid-2008.



ROTARY IMAGES

(Front row, from left) RI Director Ashok Mahajan, India PolioPlus Committee Chair Deepak Kapur, Rotary Foundation Trustee Chair Robert S. Scott, and Past RI Director O.P. Vaish meet with the Ulema Committee for Polio Eradication. Mahajan chairs the Ulema Committee.

If the current trend continues, Uttar Pradesh may soon lose its distinction as the “poliovirus capital of the world.”

Overseeing the state's effort to end polio is the Ulema Committee for Polio Eradication, established by Rotary International in 2007. (Ulemas are leading Muslim experts in Islamic law.) The committee has distributed a booklet to Muslim clerics and school representatives that links polio immunization to the duties of parents as explained in the Quran. The booklet is published by India's National PolioPlus Committee.

With the committee's help, the polio eradication message reached more than 1.5 million people at Muslim shrines in Uttar Pradesh in February and March. Committee members have also visited government districts in Uttar Pradesh that report large numbers of polio cases, convincing parents that the polio vaccine is safe and consistent with Islamic beliefs.

“Rotary is able to do this work because of the conviction people feel flowing from their actions.”

Nita Chowdhury

“When we went to the slum, Rotary went with us,” said Nita Chowdhury, the state's principle health secretary. “And then they, with the NGOs (nongovernmental organizations), worked out an advocacy with this area,” adding, “Rotary is able to do this work because of the conviction people feel flowing from their actions.”



2 million
vaccine carrier bags
with 6.3 million ice packs



225 million
doses of polio vaccine

The Bottom Line:



172 million
children will be immunized



ROTARY IMAGES

At the 2008 RI Convention in Los Angeles, representatives of the Global Polio Eradication Initiative's major partners reaffirm their commitment to ending the disease. From left: Ann Veneman, executive director of UNICEF; Dr. Margaret Chan, director-general of the World Health Organization; Dr. Robert Scott, chair of The Rotary Foundation Trustees; and Dr. Julie Gerberding, director of the U.S. Centers for Disease Control and Prevention.

Afghanistan closes in on polio

Stronger cross-border cooperation between Afghanistan and Pakistan on child polio immunization has helped corner the virus in the southern Afghan region, according to the World Health Organization. A new tactic called short interval additional dose is proving the catalyst to success. It involves rapidly delivering an extra dose of oral polio vaccine in access-compromised areas in the time between National and Subnational Immunization Days.

Afghan Rotarians, aided by Stephen Brown, past governor of District 5340 (California, USA), and Fary Moini, a fellow member of the Rotary Club of La Jolla Golden Triangle, are playing a pivotal role in the country's progress against polio. Afghanistan now has a National PolioPlus Committee, chaired by Dr. Ajmal Pardis, a member of the Rotary Club of Jalalabad.



COURTESY OF STEPHEN BROWN

"[Afghanistan's] polio campaign is nothing short of heroic," said Martin Bell, UNICEF's ambassador for humanitarian emergencies. "It is setting an example to the world of what can be achieved under the most dire circumstances. . . . If Afghans could eradicate polio from their country in a time of war, what could they accomplish in a time of peace?"

Dr. Nasir Khan, president of the Rotary Club of Jalalabad, immunizes a child against polio during Afghanistan's NIDs in March.

How do Rotarians mobilize public support?

To make National Immunization Days (NIDs) successful, Rotarians organize community activities, also called social mobilization, by

Providing caps, aprons, badges, and megaphones to identify health workers and volunteers

Promoting upcoming NIDs through the media, posters, parades, and other attention-getting activities



Encouraging future immunization by giving children and parents stickers, balloons, and other tokens

Educating communities on the importance of polio immunization and eradication

How do contributions help fund social mobilization? (in US\$)

\$1,000

700 polio vaccine carriers in Pakistan or 4,800 caps to identify volunteers in India

\$500

4,000 finger markers in Ethiopia, 70 banners in Bangladesh, or 16 megaphones in Nigeria

\$250

500 aprons to identify health workers, volunteers, and vaccinators

HUMANITARIAN GRANTS PROGRAM

Working to create a better quality of life

Water system breaks new ground in Kenya

More than one million Kenyans live crammed into a 2-square-mile section of Nairobi called Kibera. The largest slum in Africa, Kibera lacks even the most basic human necessities. During the rainy season, manholes in the broken-down sewer system burst, discharging human waste into shacks in the lower part of Silanga, Kibera's fourth-largest community. According to UN-HABITAT, one in seven children in Kibera die of infections or disease before age five.

“People in Kibera pay about eight times more for water than people [elsewhere] in Nairobi. The project will enable them to buy water at the cost that most people pay.”

Mike Klingbiel

The Rotary clubs of Nairobi-Langata, Kenya, and Denver Southeast, Colorado, USA, are implementing a water distribution, storage, and sanitation system for 9,000 of Silanga's residents. Aided by a US\$300,000 Rotary Foundation Health, Hunger and Humanity (3-H) Grant, the project is building 10 structures containing showers, toilets, and clean drinking-water kiosks.

In addition, a community kitchen will use methane gas harvested from a bio-gas latrine facility being built by the Nairobi-Langata club. The gas will also be used to heat water for the showers. Basic health, sanitation, and personal hygiene is another project focus.

Nairobi-Langata Rotarians are assisting with the project's building, management, training, and educational phases, while the Denver Southeast club is providing technical expertise and training. Kibera residents will manage the project upon completion, targeted for 2009.

“People in Kibera pay about eight times more for water than people [elsewhere] in Nairobi,” said Denver Southeast club president Mike Klingbiel. “The project will enable them to buy water at the cost that most people pay, so they can use money for education, medicine, food, and other expenses.”



Rotarians and Kibera community members clear a site for a sanitation block.

Humanitarian Grants awarded, 2007-08

823

Health grants,
totaling

\$13,110,517

645

Education grants,
totaling

\$8,290,183

826

Community
development
grants, totaling

\$9,932,215

561

Water and
sanitation grants,
totaling

\$8,616,797

122

Food production
grants, totaling

\$3,586,018



Students at Padre Francisco da Motta School line up for a hearty lunch.

Rotarians stand by Brazilian students in need

Young people in Rio de Janeiro's tough Praça Mauá neighborhood face unemployment, drugs, prostitution, and other daunting problems. Aided by Rotary Foundation grants, Rotarians are helping teenagers learn a trade and providing children with nutritious meals.

Teens at Sonja Kill High School are learning to bake bread while pursuing their regular studies. A US\$13,500 Rotary Foundation Matching Grant funded an oven, a kneading machine, and a mixer to equip a space just a few doors away from the school. The bakery also provides lunches to children at Sonja Kill and the adjoining Padre Francisco da Motta School.

"This is my favorite class," said Nayara Araújo de Oliveira of the baking lessons. "I like being able to see the results of our work so fast."

Rotary clubs in three countries — Rio de Janeiro-Flamengo, Rio de Janeiro-Paranapuã, and Rio de Janeiro-Ramos (Rio de Janeiro, Brazil), Köln am Rhein (Germany), and Bhagyanagar (Andra Pradesh, India) — helped fund the project. During the past decade, Brazilian and German clubs have partnered on 17 Matching Grant projects benefiting young people in the Praça Mauá community.

"Today, more than 5,000 children are safe, off the streets, and have a future because Rotarians care," said Past District 4570 Governor Adélia Villas, a project volunteer.

"Today, more than 5,000 children are safe, off the streets, and have a future because Rotarians care."

Adélia Villas

Growing a green wall in Mongolia

Mongolia is building its own version of China's Great Wall — a thick line of trees it hopes will someday extend 1,860 miles across the Gobi desert.

The green wall is designed to protect Mongolia and other countries from the Gobi's dust, which has spawned respiratory illnesses in China, Korea, and Japan. In 2006, swirling winds dumped 300,000 tons of sand on Beijing, and the encroaching desert has dried up more than 680 rivers in Mongolia.

Korean Rotarians from 16 districts, aided by more than US\$500,000 in Rotary Foundation Matching Grants, are building a natural windbreak forest in the Gobi to help blunt budding sandstorms and Keep Mongolia Green. In the so-named project's latest phase, Korean and Mongolian Rotarians joined local residents to plant 52,000 trees in Choir, Govisumber Province.

Korean Rotarians are also constructing an eco-park in Choir, which will demonstrate how to reuse energy, recycle waste, and reclaim land previously used for mining. The park will include orchards, vegetable farms, nurseries, and a permanent field station for ecological and biological research that will serve 5 of Mongolia's 21 provinces.



COURTESY OF THE ROTARY KOREA

Rotarians dig in to help Mongolia go green.

So far, Korean and Mongolian Rotarians and Rotaractors have planted more than 220,000 trees, along with contributing funds to the effort. "The Korean Forestry Agency told me they were impressed and encouraged by the success of our project," said Past District 3650 (Korea) Governor Sang-Koo Yun. "[It's] the most ambitious antidesertification project to be launched by any country."



Björn Kollberg, of the Rotary Club of Crows Nest, New South Wales, Australia, distributes books at a school in Binxian County, Shaanxi Province, China. Aided by Rotary Foundation humanitarian grants, the club is training primary schoolteachers, equipping schools, and providing scholarships to educate children in the county.

EDUCATIONAL PROGRAMS

Working to promote greater global understanding



Brian Farr and his daughter Janalee at a meeting of the Rotary Club of Salt Lake City, which nominated them both to pursue peace studies

Father-daughter team passionate about building peace

Rotary's peace programs have profoundly helped Brian Farr and his daughter Janalee shape their vision for creating a more peaceful world.

Janalee Farr had already begun studying as a Rotary World Peace Fellow at the University of Bradford in England when she participated in the 2007 Rotary World Peace Symposium, held in Salt Lake City, Utah, USA. Her father also attended the symposium, and he credits a speech given by Past RI President Charles Keller as the main motivation for his decision to enroll in a Rotary peace program himself.

Keller talked of the need to seek a more peaceful means to conflict resolution. "He also emphasized that peace-building is not a spectator sport," Brian Farr said.

As assistant attorney general of Utah, Farr thought the Rotary Peace and Conflict Studies Program at Chulalongkorn University in Thailand would be very useful in his work, especially in his effort to create a center for peace and conflict resolution in Salt Lake City. He graduated from the program in April 2008.

"[Past RI President Charles Keller] emphasized that peace-building is not a spectator sport."

Brian Farr

"It was that international spirit of Rotary that pulled me toward Chulalongkorn nearly as much as Keller's speech," Farr said of his experiences at both the Rotary World Peace Symposium and 2007 RI Convention.

The father and daughter had previously worked together to build international goodwill before the 2002 Winter Olympic Games in Salt Lake City. Since then, they have interacted on a variety of international projects and kept in touch during their studies.

The father-daughter team is exploring how to best use their combined knowledge and passion for a better world to help build peace. "And we're also looking forward to continued interactions with Rotary," said Janalee Farr, who will graduate in December.

Seventh Rotary Center established in Thailand

The exceptional results produced by the peace studies pilot program in Bangkok, Thailand, prompted The Rotary Foundation Trustees to designate Chulalongkorn University as the seventh Rotary Center. The university will continue to operate a short-term program in conflict resolution and mediation for midcareer professionals.

How do Foundation contributions help fund educational programs? (in US\$)

Rotary Centers for International Studies

\$65,000 (average)

A two-year master's degree for a Rotary World Peace Fellow to study peace and conflict resolution

\$10,000

A Rotary World Peace Fellowship for the three-month certificate program at the Rotary Center at Chulalongkorn University in Bangkok, Thailand

\$6,000

A Rotary World Peace Fellow's applied field experience/internship with the United Nations, World Bank, or other NGO

Rotary in action changes GSE team member's life

Colleen O'Connor visited India in January as a Group Study Exchange team member from District 5420 (Utah, USA). During the GSE, O'Connor, a pharmacist, kept a record of her experiences. The following excerpts illustrate how the exchange affected her life and instilled the desire to become a Rotarian.

6 January: I find myself standing over a sweet girl with dark, curly locks, squeezing drops of oral polio vaccine into her mouth. One by one, children were pouring into a polio vaccination clinic held by Rotary.

8 January: I am looking down at a baby boy lying on the floor of a small shelter. He was sleeping so soundly that he did not wake — not even after being surrounded by loud voices and footsteps. This baby boy is a Sri Lankan refugee, and he is sleeping under a shelter that Rotary built.

16 January: I am looking in the faces of many happy children playing. They all live in an area that was devastated by the 2004 tsunami. I discovered that these tsunami victims have a home to live in, built by Rotary.

"The most effective way to re-evaluate your profession and yourself as an individual is to step into an entirely different culture," O'Connor said. "This study tour has provided more gifts than I could imagine."

"The most effective way to re-evaluate your profession and yourself as an individual is to step into an entirely different culture."

Colleen O'Connor

Rotary Center helps turn swords into ploughshares

The joint center at Duke University and the University of North Carolina at Chapel Hill (USA) received a \$238,000 grant from the John D. and Catherine T. MacArthur Foundation to transform a military simulation into a humanitarian assistance training simulator. Called Virtual Conflict Resolution: Turning Swords to Ploughshares, the simulator helps students and educators learn how to carry out international disaster relief efforts. The Rotary Center will own the rights to the simulator and can share it with other centers.



GSE team member Colleen O'Connor immunizes a child in India against polio.

Ambassadorial Scholarships (2009-10)

\$24,000

An Academic-Year Ambassadorial Scholarship or a Multi-Year Ambassadorial Scholarship

\$16,000

A six-month Cultural Ambassadorial Scholarship

\$11,000

A three-month Cultural Ambassadorial Scholarship

Kosovo scholar has big plans for country's health

When it comes to improving health for Kosovo's people, Gani Abazi likes to think big. He would like to completely restructure his country's medical care system, which doesn't have the doctors or equipment to provide specialized care.

Abazi, a physician, is doing research in a specialized field of neurosurgery at the Harvard School of Public Health,

"Rotary helps me be a better doctor by trying to do more things for people in the world."

Gani Abazi

funded by a two-year Rotary Foundation Ambassadorial Scholarship. Previously, he studied neurosurgery as a one-year Ambassadorial Scholar, funded by the Scholarships Fund Pool for Low-Income Countries.

During the war in Kosovo in 1997, Abazi's village was burned, and he became a refugee in Albania.

"The war made me much stronger, much more persistent in what I want to achieve, also more compassionate, empathetic," said Abazi, the first Foundation scholar from Kosovo. *"I feel it has made me a better doctor, because I worked with patients during the war [and] saw many people dying."*

Eventually, Abazi would like to work as a professor of neurosurgery at a university medical center in Kosovo, training future generations of neurosurgeons.

"Rotary helps me be a better doctor by trying to do more things for people in the world," he said. *"I have a much better understanding of what the needs are in the world."*

Abazi is working with Rotarians in Massachusetts to provide more educational opportunities for people in southeastern Europe. *"I want Rotary to expand there,"* he said. *"Their mission and values may help in peace-building."*

Abazi's host counselor, Frank Rowbotham of the Rotary Club of Wellesley, has no doubt that the high-minded scholar will achieve his goals. *"Gani has more persistence than most people,"* Rowbotham said. *"He's very decisive."*



ROTARY IMAGES

Gani Abazi

How do Foundation contributions help fund educational programs? (in US\$)

Rotary Grants for University Teachers

\$24,000

A 6-10 month grant

\$13,000

A 3-5 month grant

Group Study Exchange (GSE)

\$11,000

A GSE of four non-Rotarian team members and one Rotarian team leader for a four- to six-week study tour in a partner Rotary country

\$6,000

A neighboring-country GSE



Simon Milward (second row, second from left) of England, a 2007 Rotary World Peace Fellow at Chulalongkorn University, recently served as project manager with the Karen Teachers Working Group, which trains teachers and teacher-trainers on the Thai-Burmese border.





1 On the eve of India's National Immunization Days in February, musicians in Moradabad, Uttar Pradesh, sound the call urging parents to have their children vaccinated against polio.

2 A Group Study Exchange team from the Netherlands on a site visit in Boron, California, USA, gathers next to a vehicle used to haul borate from one of the world's richest mines.

3 Former Rotary World Peace Fellow Colin Spurway (left) of Scotland visits a demonstration field in Kyrgyzstan where farmers and agronomists learn about diversifying crops and assessing their market value. Spurway heads a sustainable economic development project in that country, focusing on job training and innovative business and agricultural practices.

4 A nomadic child in Somalia is immunized against polio. The country became polio-free once again in 2008, after being reinfected by poliovirus originating in Nigeria.

5 A woman in Davao, Philippines, prepares to receive a life-saving kidney transplant through a Matching Grant project sponsored by the Rotary clubs of West Davao and Novato, California, USA. The project provided transplants, dental care, hygiene supplies, and other help to more than 400 young people at Boystown orphanage and in squatter encampments in Davao. At left is Dr. Arturo Martinez of San Francisco, California, USA; right, Dr. Peter Bretan of the Novato club.



6 While an Ambassadorial Scholar at the University of KwaZulu-Natal, South Africa, Erin Raab (center, seated) of Minnesota, USA, helped start an after-school program in Durban and a library in a semirural community.



FUND DEVELOPMENT

Creating support for a more peaceful world

Korean Major Donor acts on vision for peace

"I live in a country where two nations exist under one culture," Kyu Hang Lee said. "I would like to see the nations united before my time ends. I think the Rotary World Peace Fellows will play a part in this."

Lee, a past governor of District 3750 (Korea) and a member of the Rotary Club of Anyang East, Gyeonggi, vigorously leads by example in seeking peace for his country and others around the world. In 2004, he and his wife, Hee Sun Park, established an endowment to support the Rotary Centers for International Studies in peace and conflict resolution. With that gift, they became charter members of the Arch C. Klumph Society, which bears the name of the founder of The Rotary Foundation and honors Major Donors who contribute US\$250,000 or more. Additionally, he and his wife have committed to contribute \$50,000 to the Rotary Centers every year for the rest of his life.

Lee is dedicated to spreading the word about how Rotary Centers can help build peace around the world. A past regional Rotary Foundation coordinator, Lee has helped lead eight Korean districts to become Peacebuilder Districts by each contributing more than \$25,000 annually to the Rotary Centers. He is a member of the Rotary Centers Major Gifts Initiative Committee for 2008-09 and the Rotary Centers Committee, which reviews and selects candidates for the Rotary World Peace Fellowships.

"For those who have experienced wars, peace is a matter of life or death."

Kyu Hang Lee

"Koreans have a keen interest in the Rotary Centers, since we also had to go through the emotional pains of separation due to the division of the country into two parts," Lee shared with a gathering of Foundation Major Donors during the 2007 Rotary World Peace Symposium in Salt Lake City, Utah, USA.

An RI Director-nominee for 2009-11, Lee is greatly concerned about the human toll of death and suffering wrought by conflicts around the world. "For those who have experienced wars, peace is a matter of life or death," he said. "I wish that the Koreans' dream of unifying the two Koreas will be realized through the hands of Rotary."



Major Donors Kyu Hang Lee and Hee Sun Park

Rotary Foundation supporters by the numbers*

1,126,784

Paul Harris
Fellows

77,776

Benefactors

6,099

Bequest Society
members

10,105

Major Donors

211

Arch C. Klumph
Society members

*As of 30 June 2008

The Foundation inspires a special tribute

Henry Alker's combined passion for peace-building and The Rotary Foundation's Educational Programs have led him to honor his twin brother by establishing the Professor Hayward R. Alker Named Rotary World Peace Fellowship.

"His scholarly work was far reaching, but included computer simulation of conflict among more than 100 different countries, studies of the way religious ideology in a world leader can shape [how] that leader's country behaves in conflict situations, identification of early warning signals for world conflicts, and many collaborative studies," said Alker of his brother, who died in September 2007.

Hayward Alker's distinguished career as a political scientist specializing in international relations included professorships at Yale University, the Massachusetts Institute of Technology, and University of Southern California. "He held the Olof Palme memorial professorship in Sweden, cochaired the first program committee of his political science organization held in Moscow, and completed a recent lecture and learning tour of universities in Pakistan," Alker said.



Henry Alker (right) and his brother, Hayward Alker

"Rotary Foundation involvement has clarified for me how... deeply valuable programs and organizations are that succeed at [changing the world]."

Henry Alker

Now retired, Henry Alker taught psychology, sociology, and government at Cornell University and personality and political psychology at the University of California, Berkeley. A member of the Rotary Club of San Francisco, Alker particularly appreciates the positive impact of the Foundation's educational programs on participants' lives. Those who go on to leadership or other high-profile

positions, he said, have a special opportunity to change the lives of others.

In addition to the peace fellowship, Alker has funded two named Ambassadorial Scholarships and serves on the scholarships subcommittees for both his club and District 5150. Recently, he helped oversee a club project in India that distributed wheelchairs to the needy.

"Rotary Foundation involvement has clarified for me how difficult it is to do philanthropic work aimed at changing the world and how deeply valuable programs and organizations are that succeed at this task," Alker said.

Endowed Funds — Building a better tomorrow

Total endowed funds: 651* (Total new endowed funds in 2007-08: 82)

Total gift value: \$145,408,625*

*As of 30 June 2008

Every Rotarian, Every Year boosts Annual Programs Fund (in US\$)

Annual Programs Fund contributions

2003-04: \$70.5 million	2007-08: \$114.8 million	63% increase
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Highest district per capita amount

2003-04: \$228.69	2007-08: \$685.60	200% increase
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Districts with \$100 or more per capita

2003-04: 51 districts	2007-08: 187 districts	267% increase
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Zones with \$100 or more per capita

2003-04: 3 zones	2007-08: 13 zones	333% increase
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The Rotary Foundation has seen an immense growth in service activities, and Rotarians have demanded greater simplicity and more significant outcomes from their work. Our programs must evolve to meet the desires of Rotarians and the world's changing needs, and we believe this will be accomplished through the new structure of the Future Vision Plan.

— Robert S. Scott, 2007-08 Rotary Foundation Trustee Chair

The Rotary Foundation reached a new milestone in 2007-08 with the development of its Future Vision Plan, which was adopted by both the Foundation Trustees and the RI Board of Directors. Designed to allow the Foundation to respond quickly, effectively, and strategically to the world's most urgent needs, the plan will simplify grant-making processes and direct more resources to projects with high-impact and sustainable outcomes that will garner greater public recognition.

The Trustees and the Future Vision Committee began developing the plan in 2005 by seeking input from a variety of stakeholders through interviews, surveys, and focus groups. They also examined the program participation of Rotarians — noting, for example, a grassroots shift from educational programs to humanitarian grants — and identified the types of projects and activities clubs and districts carry out most effectively.

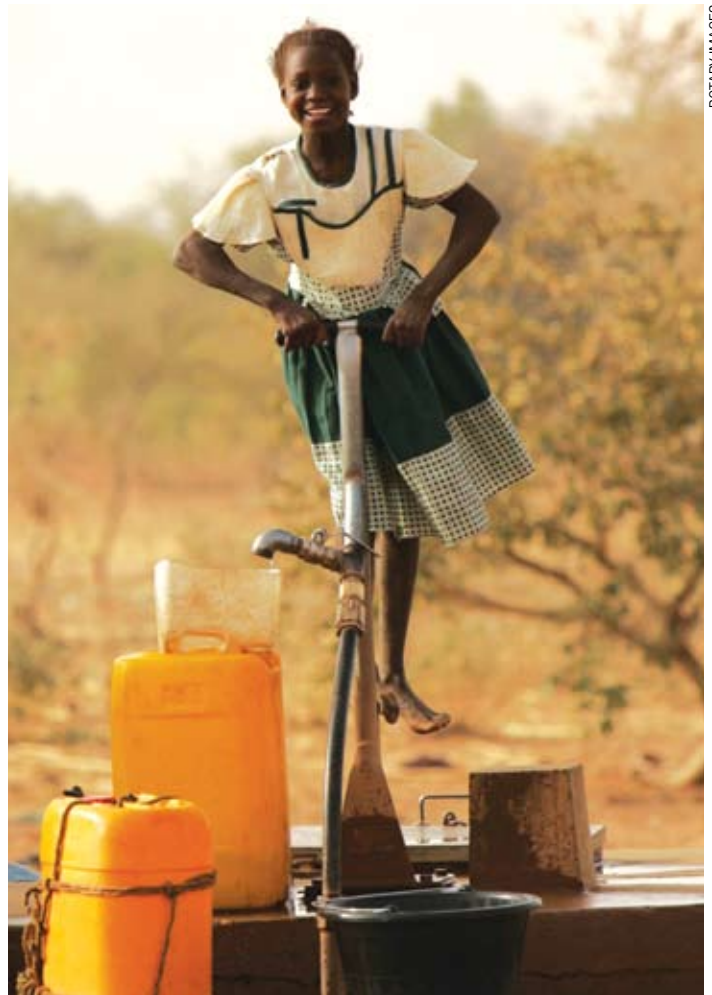
Find more information on the Future Vision Plan at www.rotary.org/futurevision

In response to Rotarians' appeal for simplification, the new grant structure will offer two types of grants: Rotary

Foundation District Grants and Rotary Foundation Global Grants. Together, these grants will allow clubs and districts to carry out a broad spectrum of humanitarian and educational efforts, both locally and abroad.

To enhance service opportunities, The Rotary Foundation will form strategic partnerships with organizations that have expertise in one of six areas of focus directly related to the Foundation's mission:

- Peace and conflict prevention/resolution
- Disease prevention and treatment
- Water and sanitation
- Maternal and child health
- Basic education and literacy
- Economic and community development



ROTARY IMAGES

A girl pumps clean water from a well in Niger, provided as part of a Rotary Foundation grant that helped create 18 humanitarian projects in Niger focusing on water supply, food production, income generation, health, and education in rural areas of the country. Such integrated development projects support the objectives of The Rotary Foundation's Future Vision Plan.

To test and refine the plan, the Foundation will conduct a pilot for about 100 districts that compose a representative group in terms of location, size, and level of involvement with the Foundation. Scheduled to begin 1 July 2010, the pilot will run through June 2013, at which point all clubs and districts will participate in the new grant structure.

The Foundation also expects to reap financial benefits from the Future Vision Plan. In addition to anticipated increases in contributions, today's projections indicate that program operation and administrative expenses will begin to decrease in the future and eventually more than offset the investment made in the plan.



ROTARY IMAGES

A Rotarian verifies that children in a Muslim community in Bihar, India, have been vaccinated against polio.

What the Foundation Received

Contributions

The Rotary Foundation received record-breaking contributions in 2007-08. For the fifth straight year since the inception of the Every Rotarian, Every Year (EREY) initiative in 2003-04, the Annual Programs Fund set a new record for contributions, at US\$114.8 million. Eight countries and geographical areas — Hong Kong, Korea, Canada, Taiwan, Japan, the United States, Nigeria, and Pakistan — exceeded the EREY \$100 per capita goal. One hundred percent of Annual Programs Fund contributions are spent on programs after being invested for three years; the investment earnings are used to pay for operating expenses. Permanent Fund contributions of \$13.9 million increased 4.9 percent from \$13.3 million in 2006-07. The PolioPlus program received \$114.1 million in contributions to support the Global Polio Eradication Initiative, including \$100 million from the Bill & Melinda Gates Foundation and \$3.5 million from the Google Foundation. Total contributions of \$269.3 million include \$23.6 million in flow-through contributions.

20 TOP ANNUAL GIVING COUNTRIES AND GEOGRAPHICAL AREAS

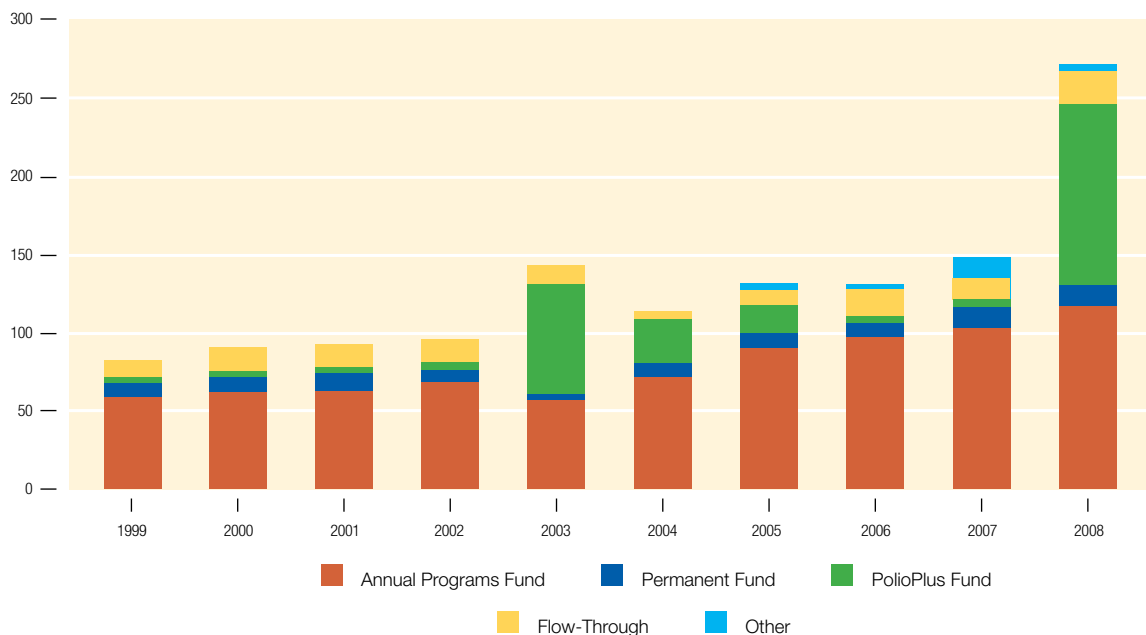
Rank		Country/Geographical Area*	2007-08 Total Contributions** US\$ (thousands)	Annual Giving per Rotarian	
2008	2007			2007-08	2006-07
1	1	USA	US\$63,743†	US\$116	US\$110
2	2	Japan	\$14,048	121	\$112
3	4	India	\$10,414	\$60	\$51
4	3	Korea	\$10,079	\$156	\$147
5	5	Canada	\$6,989	\$144	\$120
6	9	UK	\$6,463	\$69	\$58
7	6	Germany	\$6,407	\$86	\$75
8	8	Italy	\$5,033	\$86	\$83
9	10	Brazil	\$4,258	\$69	\$54
10	7	Australia	\$4,241	\$87	\$75
11	11	France	\$4,064	\$91	\$76
12	12	Taiwan	\$3,308	\$135	\$123
13	20	Hong Kong	\$2,083	\$227	\$306
14	13	Mexico	\$1,617	\$91	\$83
15	15	Philippines	\$1,283	\$55	\$44
16	14	Netherlands	\$1,032	\$38	\$45
17	18	New Zealand	\$1,004	\$76	\$55
18	16	Belgium	\$995	\$60	\$63
19	17	Sweden	\$960	\$24	\$19
20	19	Switzerland	\$844	\$49	\$45

* Those shown in **bold** exceeded the EREY \$100 per capita goal. ** Includes flow-through contributions.

† Excludes \$100 million and \$3.5 million grants for polio eradication received, respectively, from the Bill & Melinda Gates Foundation and Google Foundation, both U.S. organizations.

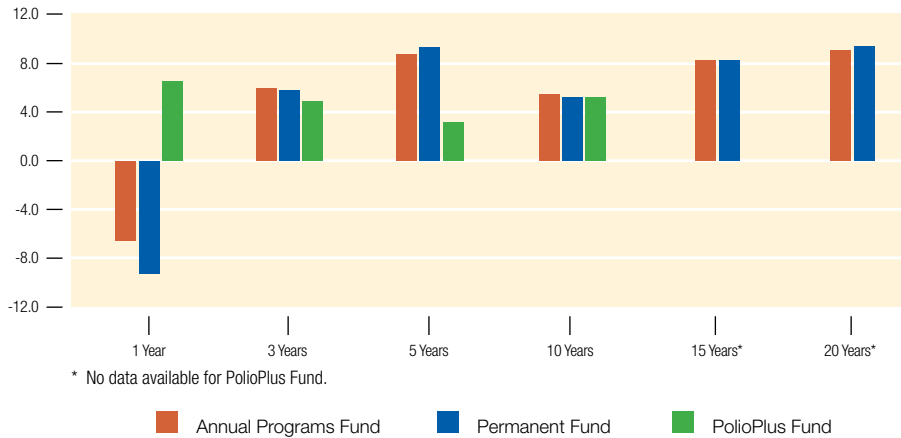
CONTRIBUTIONS TO THE ROTARY FOUNDATION

US\$ (millions)

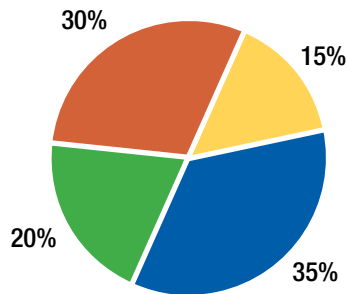


ANNUALIZED INVESTMENT RETURNS

(percent)

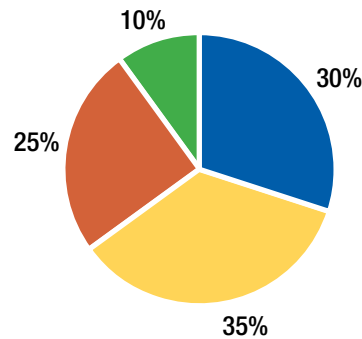


TARGET ASSET ALLOCATION OF ANNUAL PROGRAMS FUND



■ U.S. Stocks ■ Non-U.S. Stocks ■ Bonds ■ Alternatives

TARGET ASSET ALLOCATION OF PERMANENT FUND



Investment Income

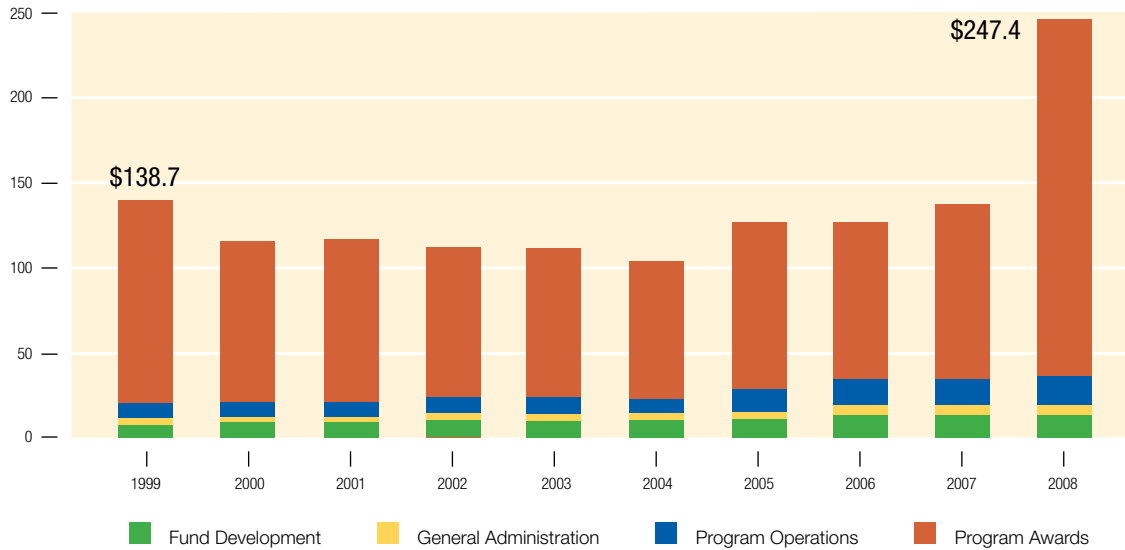
The Foundation's investments produced a net loss of US\$44.3 million in 2007-08 after generating record investment income of \$105.8 million in 2006-07. This year's loss was due primarily to recording investment securities at their market values, not to selling securities at a loss. The PolioPlus Fund, which is invested in U.S. government securities, produced investment income of \$4.7 million. The Foundation had sufficient cash and reserves to operate without having to sell investment securities at a loss.

Several years ago, the Trustees began diversifying the Foundation's investments into alternative asset classes to mitigate the impact of adverse returns in the public markets on the Foundation's overall investment program. At their April meeting, the Trustees approved further reductions in U.S. stocks and increases to non-U.S. stocks, emerging market stocks, and

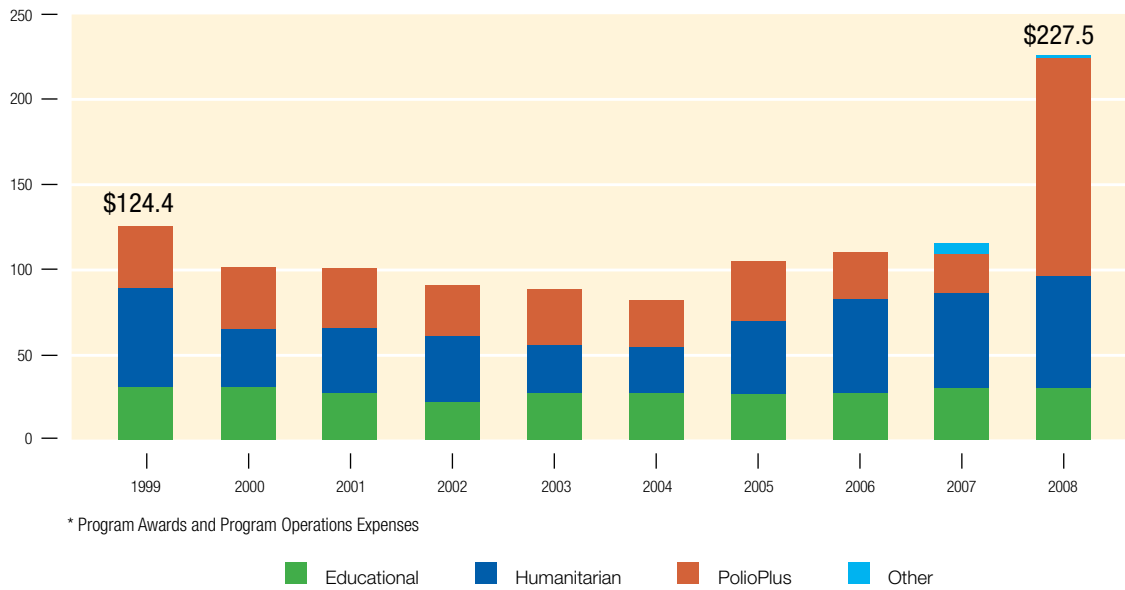
alternative asset classes. These changes will be phased in over the next few years. The goal of these actions is to produce a more stable investment income stream while enhancing returns.

The Trustees also formed a separate Investment Advisory Committee on 1 July 2007 to advise and counsel the Trustees on investment issues. The committee comprises six Rotarian investment professionals and three Trustees. This additional oversight and investment expertise further enhances the Trustees' stewardship of the funds entrusted to the Foundation. The Foundation retains an independent investment consultant to counsel the Trustees on investment matters and to monitor the Foundation's investments. All Foundation funds are managed by experienced, professional investment managers appointed by the Trustees.

THE ROTARY FOUNDATION TOTAL AWARDS AND EXPENSES
US\$ (millions)



TRENDS IN ROTARY FOUNDATION PROGRAM AWARDS AND SPENDING*
US\$ (millions)



54%
of districts worldwide sponsored Ambassadorial Scholars in 2007-08

71%
of countries worldwide received Matching Grants in 2007-08

90%
of districts worldwide participated in PolioPlus in 2007-08

92%
of total Foundation expenses were used for programs in 2007-08

What the Foundation Spent

Program Spending

Program spending increased by US\$108.7 million over the previous year, primarily due to an increase in PolioPlus program awards of \$103 million. In addition, spending on humanitarian programs increased, due to more Matching Grant awards.

Total program spending for fiscal 2007-08 was \$227.5 million, which included \$128.8 million of PolioPlus program awards and operations. Rotarian contributions funded \$208 million of program awards (funds spent directly on humanitarian projects, polio eradication, educational programs, and other programs).

Fund development expenses were \$13.6 million. 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 \$6.3 million. 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 \$169,000 for the trustee chair and \$85,000 for the trustee chair-elect. These travel expenses are incurred to promote the Foundation's programs, raise contributions and awareness for the Foundation, and attend the International Assembly, RI Convention, Trustees meetings, and Rotary institutes. (RI Bylaws 22.060) More information about these expenses is available at www.rotary.org.

Over the past 10 years, 87 percent of the Foundation's total spending was for programs, 9 percent for fund development and recognition, and 4 percent for general administration. (The 87 percent program spending compares favorably with the minimum industry standard of 65 percent.) Over the same period, 38 percent of program spending was for humanitarian programs, 37 percent for polio eradication, 24 percent for educational programs, and 1 percent for other programs.

Foundation Net Assets

The Foundation's net assets decreased by US\$46.3 million over the previous year, primarily due to unrealized investment losses. The chart below shows 2007-08 activity in each of the Foundation's funds.

NET ASSETS

US\$ (millions)

	Annual Programs Fund	Permanent Fund	PolioPlus Fund	Other*	Total
Net Assets @ 30 June 2007	\$ 475.3	\$ 219.6	\$ 37.3	\$ 5.8	\$ 738.0
Contributions	114.8	13.9	114.1	2.9	245.7
Investment income	(30.4)	(18.5)	4.7	(0.1)	(44.3)
Net assets released from restriction	0.1			(0.1)	0.0
Program awards	(80.1)		(126.7)	(1.2)	(208.0)
Program operations	(17.3)		(2.1)	(0.1)	(19.5)
Fund development	(13.5)		(0.1)		(13.6)
General administration	(6.3)				(6.3)
Transfers between funds	(8.0)	(7.1)	15.5	(0.4)	0.0
Pension-related changes	(0.3)				(0.3)
Net Assets @ 30 June 2008	\$ 434.3	\$ 207.9	\$ 42.7	\$ 6.8	\$ 691.7

* Donor Advised Funds, Solidarity in South Asia, and Disaster Recovery

Note: Unbracketed numbers increase net assets, while bracketed numbers decrease net assets.

The Rotary Foundation of Rotary International Fiscal Year Financial Results

US\$ (millions)

	2007-08	2006-07	2005-06	2004-05	2003-04
REVENUES					
Contributions ¹					
Annual Programs Fund	\$ 114.8	\$ 102.8	\$ 92.6	\$ 84.7	\$ 70.5
Permanent Fund	13.9	13.3	12.1	9.9	9.3
PolioPlus Fund	114.1	3.1	5.6	18.5	26.2
Temporarily Restricted Other	0.5	0.3	1.6	4.8	
Unrestricted Other	2.4	13.5			
Total Contributions	\$ 245.7	\$ 133.0	\$ 111.9	\$ 117.9	\$ 106.0
Investment Income					
Annual Programs Fund	\$ (30.4)	\$ 70.7	\$ 34.5	\$ 30.1	\$ 53.3
Permanent Fund	(18.5)	31.8	14.6	11.1	20.2
PolioPlus Fund	4.7	2.4	1.1	1.5	0.1
Other Programs	(0.1)	0.9			
Total Investment Income	\$ (44.3)	\$ 105.8	\$ 50.2	\$ 42.7	\$ 73.6
TOTAL REVENUES	\$ 201.4	\$ 238.8	\$ 162.1	\$ 160.6	\$ 179.6
PROGRAM AWARDS AND EXPENSES					
Program Awards					
Humanitarian Grants Program	\$ 56.7	\$ 44.8	\$ 44.3	\$ 38.5	\$ 21.1
Educational Programs	23.4	23.3	21.9	22.9	23.8
PolioPlus Program	126.7	23.7	24.9	33.1	29.3
Other Programs	1.2	8.4			
Total Program Awards	\$ 208.0	\$ 100.2	\$ 91.1	\$ 94.5	\$ 74.2
Program Operations					
Humanitarian Grants Program	\$ 10.2	\$ 9.6	\$ 8.7	\$ 7.6	\$ 6.1
Educational Programs	7.1	6.7	6.1	5.0	4.1
PolioPlus Program	2.1	2.3	2.1	3.1	2.3
Other Program	0.1				
Total Program Operations	\$ 19.5	\$ 18.6	\$ 16.9	\$ 15.7	\$ 12.5
Total Program Awards and Operations	\$ 227.5	\$ 118.8	\$ 108.0	\$ 110.2	\$ 86.7
Operating Expenses					
Fund Development	\$ 13.6	\$ 12.6	\$ 13.7	\$ 12.2	\$ 11.6
General Administration	6.3	6.3	6.6	5.7	4.9
Total Operating Expenses	\$ 19.9	\$ 18.9	\$ 20.3	\$ 17.9	\$ 16.5
TOTAL AWARDS AND EXPENSES	\$ 247.4	\$ 137.7	\$ 128.3	\$ 128.1	\$ 103.2
Pension-related changes ²	\$ (0.3)	\$ (0.5)	\$ 0.7	\$ (0.3)	\$ 0.6
INCREASE(DECREASE) IN FOUNDATION ASSETS	\$ (46.3)	\$ 100.6	\$ 34.5	\$ 32.2	\$ 77.0

	2007-08	2006-07	2005-06	2004-05	2003-04
ROTARY FOUNDATION ASSETS³					
Cash and Other Assets	\$ 42.8	\$ 37.4	\$ 34.7	\$ 37.9	\$ 40.8
Investments					
Cash and Short-Term Investments	\$ 83.3	\$ 28.8	\$ 24.2	\$ 21.9	\$ 27.6
Bonds	173.5	150.0	159.8	166.2	160.0
Stocks	378.7	468.1	378.8	367.4	338.1
Alternative Investments	123.2	93.0	89.8	62.7	38.5
Split-Interest Agreements	27.3	27.2	21.9	18.6	15.3
Total Investments	\$ 786.0	\$ 767.1	\$ 674.5	\$ 636.8	\$ 579.5
TOTAL ASSETS	\$ 828.8	\$ 804.5	\$ 709.2	\$ 674.7	\$ 620.3

ROTARY FOUNDATION LIABILITIES AND NET ASSETS

Liabilities					
Accrued program awards	\$ 115.7	\$ 45.8	\$ 47.3	\$ 47.4	\$ 33.0
Accounts payable and accrued expenses	21.4	20.7	24.5	24.4	16.6
Total Liabilities	\$ 137.1	\$ 66.5	\$ 71.8	\$ 71.8	\$ 49.6
Net Assets⁴					
Annual Programs Fund	\$ 434.3	\$ 475.3	\$ 405.0	\$ 373.6	\$ 348.4
PolioPlus Fund	42.7	37.3	52.6	71.3	80.9
Permanent Fund	207.9	219.6	179.6	157.8	141.3
Temporarily Restricted Other	0.7	0.3	0.2	0.2	0.1
Unrestricted Other	6.1	5.5			
Total Net Assets	\$ 691.7	\$ 738.0	\$ 637.4	\$ 602.9	\$ 570.7
TOTAL LIABILITIES AND NET ASSETS	\$ 828.8	\$ 804.5	\$ 709.2	\$ 674.7	\$ 620.3

Flow-Through Contributions

Matching Grants	\$ 18.5	\$ 14.5	\$ 13.6	\$ 10.1	\$ 6.7
PolioPlus Partners	4.4	1.6	1.2	1.2	0.7
Other Restricted Contributions	0.7	0.2	0.5	0.2	0.4
TOTAL FLOW-THROUGH CONTRIBUTIONS	\$ 23.6	\$ 16.3	\$ 15.3	\$ 11.5	\$ 7.8

¹ Flow-through contributions are not included. These funds pass through the Foundation for donor recognition, but are not reported as contributions in the financial statements.

² United States financial accounting standards require pension-related changes to be made when the fair value of retirement plan assets is less than the plan's accumulated benefit obligation. Rotary International allocated the effect of SFAS 158 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 with the 2006-07 presentations.

⁴ Net assets are the difference between a company's total assets and its liabilities.

Information is taken from the audited financial statements available at www.rotary.org.



First row (from left):

Glenn E. Estess Sr.
Jonathan Majiyagbe,
Trustee Chair-elect
Robert S. Scott,
Trustee Chair
Bhichai Rattakul
Carl-Wilhelm Stenhammar

Second row:

Mark Daniel Maloney,
Trustee Vice Chair
Louis Piconi
Peter Bundgaard
Sakuji Tanaka
Carolyn E. Jones
Ed Futa, General Secretary

Third row:

Rudolf Hörndler
José Antonio Salazar Cruz
Ron D. Burton
David D. Morgan
K.R. Ravindran



A young man in Zambia, stricken by polio as a child, struggles to walk to his village.





**THE ROTARY FOUNDATION
OF ROTARY INTERNATIONAL**

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