

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2004

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2004 calendar year, or tax year beginning 1 July, 2004, **and ending** 30 June, 2005

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
 Rotary International
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
 1560 Sherman Avenue
 City or town, state or country, and ZIP + 4
 Evanston, IL 60201-3698

D Employer identification number
36-1707667

E Telephone number
847-866-3000

F Accounting method: Cash Accrual
 Other (specify) ▶

G Website: ▶ www.rotary.org

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ N/A
H(c) Are all affiliates included? N/A Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶ 0573

J Organization type (check only one) ▶ 501(c) (4) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 279,975,355

M Check if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1a		0	
	b Indirect public support	1b		0	
	c Government contributions (grants)	1c		0	
	d Total (add lines 1a through 1c) (cash \$ 0 noncash \$ 0) ..	1d			0
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			16,655,271
	3 Membership dues and assessments	3			46,249,668
	4 Interest on savings and temporary cash investments	4			412,528
	5 Dividends and interest from securities	5			1,679,269
	6a Gross rents	6a		4,664,062	
	b Less: rental expenses	6b		3,137,918	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c			1,526,144
7 Other investment income (describe ▶)	7			0	
	8a Gross amount from sales of assets other than inventory .. (Schedule 1)	(A) Securities		(B) Other	
		206,685,464	8a	0	
	b Less: cost or other basis and sales expenses	204,411,708	8b	0	
	c Gain or (loss) (attach schedule)	2,273,756	8c	0	
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			2,273,756	
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ 0 of contributions reported on line 1a)	9a		0	
	b Less: direct expenses other than fundraising expenses ..	9b		0	
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c			0
	10a Gross sales of inventory, less returns and allowances	10a		1,261,538	
b Less: cost of goods sold .. (Schedule 2)	10b		1,061,966		
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			199,572	
11 Other revenue (from Part VII, line 103)	11			2,367,555	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			71,363,763	
Expenses	13 Program services (from line 44, column (B))	13			48,737,966
	14 Management and general (from line 44, column (C))	14			15,686,704
	15 Fundraising (from line 44, column (D))	15			0
	16 Payments to affiliates (attach schedule)	16			0
	17 Total expenses (add lines 16 and 44, column (A))	17			64,424,670
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18			6,939,093
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19			96,196,341
	20 Other changes in net assets or fund balances (attach explanation) .. (Schedule 3)	20			906,592
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			104,042,026

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) Schedule 4 (cash \$ <u>222,178</u> noncash \$ _____)	222,178	222,178		
23	Specific assistance to individuals (attach schedule)	0	0		
24	Benefits paid to or for members (attach schedule)	0	0		
25	Compensation of officers, directors, etc.	546,333	378,773	167,560	0
26	Other salaries and wages	14,343,328	9,943,704	4,399,624	0
27	Pension plan contributions	1,530,977	804,015	726,962	0
28	Other employee benefits	1,982,293	1,290,127	692,166	0
29	Payroll taxes	1,876,391	1,296,295	580,096	0
30	Professional fundraising fees	0	0	0	0
31	Accounting fees	178,166	95,803	82,363	0
32	Legal fees	291,516	136,998	154,518	0
33	Supplies	241,971	151,572	90,399	0
34	Telephone	550,376	356,806	193,570	0
35	Postage and shipping	981,579	818,936	162,643	0
36	Occupancy	3,566,455	2,343,128	1,223,327	0
37	Equipment rental and maintenance	1,128,334	628,347	499,987	0
38	Printing and publications	4,525,082	4,457,703	67,379	0
39	Travel	4,656,064	4,150,815	505,249	0
40	Conferences, conventions, and meetings	6,751,182	6,640,550	110,632	0
41	Interest	0	0	0	0
42	Depreciation, depletion, etc. (attach schedule) Sch 5	3,035,857	1,600,390	1,435,467	0
43	Other expenses not covered above (itemize): a Sch. 6	18,016,588	13,421,826	4,594,762	0
	b _____				
	c _____				
	d _____				
	e _____				
44	Total functional expenses (add lines 22 through 43). <i>Organizations completing columns (B)-(D), carry these totals to lines 13-15</i>	64,424,670	48,737,966	15,686,704	0

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A; (ii) the amount allocated to Program services \$ N/A; (iii) the amount allocated to Management and general \$ N/A; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? ▶ Schedule 7	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a The Rotarian Magazine- Schedule 8 _____ _____ (Grants and allocations \$ _____)	4,380,447
b District Governors to Conferences - Schedule 8 _____ _____ (Grants and allocations \$ _____)	8,728,293
c International Assembly - Schedule 8 _____ _____ (Grants and allocations \$ _____)	2,977,434
d International Convention - Schedule 8 _____ _____ (Grants and allocations \$ _____)	6,583,785
e Other program services (attach schedule) (Grants and allocations \$ 222,178)	26,068,007
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	48,737,966

Part IV Balance Sheets (See page 25 of the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		(A) Beginning of year		(B) End of year
Assets	45 Cash—non-interest-bearing	2,585,219	45	4,338,189
	46 Savings and temporary cash investments	6,353,923	46	8,706,964
	47a Accounts receivable	5,765,714		
	b Less: allowance for doubtful accounts	161,155	3,452,077	5,604,559
	48a Pledges receivable	0		
	b Less: allowance for doubtful accounts	0	0	0
	49 Grants receivable	0	49	0
	50 Receivables from officers, directors, trustees, and key employees (attach schedule) Sch. 9	62,809	50	105,700
	51a Other notes and loans receivable (attach schedule)	0		
	b Less: allowance for doubtful accounts	0	0	0
	52 Inventories for sale or use	0	52	0
	53 Prepaid expenses and deferred charges	1,583,336	53	2,730,242
	54 Investments—securities (attach schedule) Sch. 10 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	71,170,734	54	70,434,309
	55a Investments—land, buildings, and equipment: basis	0		
	b Less: accumulated depreciation (attach schedule)	0	0	0
56 Investments—other (attach schedule)	0	56	0	
57a Land, buildings, and equipment: basis	65,741,467			
b Less: accumulated depreciation (attach schedule) Sch. 11	31,910,264	32,965,817	33,831,203	
58 Other assets (describe <input type="checkbox"/> Captive Insurance Company)	333,964	58	621,484	
59 Total assets (add lines 45 through 58) (must equal line 74)	118,507,879	59	126,372,650	
Liabilities	60 Accounts payable and accrued expenses	21,279,417	60	20,290,454
	61 Grants payable	0	61	0
	62 Deferred revenue Sch. 12	1,032,121	62	2,040,170
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	0	63	0
	64a Tax-exempt bond liabilities (attach schedule)	0	64a	0
	b Mortgages and other notes payable (attach schedule)	0	64b	0
	65 Other liabilities (describe <input type="checkbox"/> 0)	0	65	0
66 Total liabilities (add lines 60 through 65)	22,311,538	66	22,330,624	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	96,196,341	67	104,042,026
	68 Temporarily restricted	0	68	0
	69 Permanently restricted	0	69	0
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds	N/A	70	N/A
	71 Paid-in or capital surplus, or land, building, and equipment fund	N/A	71	N/A
	72 Retained earnings, endowment, accumulated income, or other funds	N/A	72	N/A
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	96,196,341	73	104,042,026
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	118,507,879	74	126,372,650

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See page 28 of the instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . . 76 Yes X No
77 Were any changes made in the organizing or governing documents but not reported to the IRS? 77 Yes X No
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? 78a X
b If "Yes," has it filed a tax return on Form 990-T for this year? 78b X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement 79 X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? 80a X
b If "Yes," enter the name of the organization See Schedule 16 and check whether it is exempt or nonexempt.
81a Enter direct and indirect political expenditures. See line 81 instructions 81a 0
b Did the organization file Form 1120-POL for this year? 81b N/A
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b N/A
84a Did the organization solicit any contributions or gifts that were not tax deductible? 84a X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b N/A
85 501(c)(4),(5), or (6) organizations. a Were substantially all dues nondeductible by members? 85a X
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 85b X
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.
c Dues, assessments, and similar amounts from members. 85c N/A
d Section 162(e) lobbying and political expenditures 85d N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h N/A
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a N/A
b Gross receipts, included on line 12, for public use of club facilities 86b N/A
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX. 88 X
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 N/A ; section 4912 N/A ; section 4955 N/A
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction. 89b X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0
d Enter: Amount of tax on line 89c, above, reimbursed by the organization 0
90a List the states with which a copy of this return is filed None
b Number of employees employed in the pay period that includes March 12, 2005 (See instructions.) 90b 622
91 The books are in care of Geoffrey C. Woie Telephone no. (847) 866-3000
Located at 1560 Sherman Ave. Evanston, IL ZIP + 4 60201-3698
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041— Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Magazine	541800	717,058			5,992,566
b International Meetings					9,752,754
c Open World Russian Leadership Program					174,406
d Official Directory Advertising	541800	18,487			
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					46,249,668
95 Interest on savings and temporary cash investments			14	412,528	
96 Dividends and interest from securities			14	1,679,269	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	1,526,144	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	2,273,756	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					199,572
103 Other revenue: a License Fees & Royalties			15	2,131,685	
b Travel Service					62,612
c Exchange Gain			14	173,258	
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		735,545		8,196,640	62,431,578
105 Total (add line 104, columns (B), (D), and (E))					71,363,763

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	See Schedule 18

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
PPH National Captive Insurance Co. 346 Shelburne Rd. 5th Floor Burlington, VT 05401 TIN 03-0370108	100 % % % %	Insure Vicarious Liability	288,690	2,817,624

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

/s/ EDWIN H. FUTA 13 February 2005
 Signature of officer Date
 Edwin H. Futa, General Secretary
 Type or print name and title.

Paid Preparer's Use Only

Preparer's signature Date
 Firm's name (or yours if self-employed), address, and ZIP + 4 Preparer's SSN or PTIN (See Gen. Inst. W)
 EIN Phone no.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 1

Part I, Line 8(A) - Sales of assets other than inventory - Securities

<u>Description</u>	<u>Gross amount from sales</u>	<u>Cost or other basis</u>	<u>Gain/(Loss)</u>
Stocks	130,642,914	129,205,705	1,437,208
Bonds	<u>76,042,550</u>	<u>75,206,003</u>	<u>836,547</u>
Total	<u>206,685,464</u>	<u>204,411,708</u>	<u>2,273,756</u>
	line 8a	line 8b	line 8c

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 2

Part I, Line 10c - Gross profit/(loss) from sale of inventory

	<u>Dollars</u>
Publication Sales Less Returns and Allowances	\$ 1,261,538
Total Cost of Sales	<u>1,061,966</u>
Gross Profit	<u>\$ 199,572</u>

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 3

Part I, Line 20 - Other changes in net assets or fund balances

Fiscal Year 2005 net unrealized gain on investments	\$	1,605,981
Net Income from Subsidiary		287,521
Minimum Pension Liability Adjustment		(986,910)
Total	\$	<u>906,592</u>

The amount on Line 20 represents an unrealized gain adjustment to Rotary International's investment portfolio as a result of Statement of Financial Accounting Standard (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations."

In addition, income derived from the operation of a wholly owned captive insurance company is also reported on line 20. Rotary International formed a captive insurance corporation to insure the general liability of the clubs and districts in the U.S. and its territories.

Rotary International applies the Statement of Financial Accounting Standards No 87, Employers' Accounting for Pensions ("SFAS 87"), in reporting retirement plan activities. As of 30 June 2005, the retirement plan's accumulated benefit obligation was greater than the fair value of retirement plan assets. Rotary International adjusted it's accrued benefit liability as required by SFAS 87. The minimum pension liability adjustment allocated to Rotary International at 30 June 2005 is based upon its proportionate share of payroll expense for 2004-2005.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 4

Part II, Line 22 - Grants and Allocation

During fiscal year 2005, Rotary International transferred \$222,178 to:

The Rotary Foundation of Rotary International
1560 Sherman Ave.
Evanston, IL 60201-3698

The Rotary Foundation designated this transfer to the:

Permanent Fund	\$ 222,178
Total Transfer	<u>\$ 222,178</u>

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 5

Part II, Line 42 - Depreciation schedule

Asset Type	Total	Program Services	Management and General
One Rotary Center Building Improvements	\$ 691,588	\$ 479,478	\$ 212,110
Condominiums	17,051	5,230	11,821
Furniture and Equipment	2,327,218	1,115,682	1,211,536
Total Depreciation	\$ 3,035,857	\$ 1,600,390	\$ 1,435,467

Property and equipment are stated at cost and depreciated using the straight-line method over
 the estimated useful lives of the assets: 31.5 years (Buildings)
 3 to 10 years (Furniture and Equipment)

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 13

Part IV-A - Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

<u>Line</u>	<u>Description</u>		<u>Amount</u>
a	Total revenue per audited financial statements		\$ 78,580,491
b	Amounts included on line a, but not on line 12, Form 990 <i>(Book Revenue, not Tax Revenue per IRS Form 990)</i>		
	b(1) Net unrealized gain on investments	1,605,981	
	b(4) Bank fees	(342,791)	
	b(4) Data processing lists	14,231	
	b(4) PPH - Assessment and Investment Income	953,007	
	b(4) Other income	1,161,113	
		<u>1,785,560</u>	3,391,541
c	Subtotal (line a minus line b)		<u>75,188,950</u>
d	Amounts included on line 12, Form 990 but not on line a <i>(Tax Revenue per IRS Form 990, not Book Revenue)</i>		
	d(1) Investment expenses	248,138	
	d(2) Currency exchange gain	173,257	
	d(2) Cost of sales	(1,061,966)	
	d(2) Reimbursement of PPH Costs incurred by Rotary	(46,698)	
	d(2) ORC Rental expense (Occupancy Costs)	(3,137,918)	
		<u>(4,073,325)</u>	(3,825,187)
e	Total revenue per line 12, Form 990		<u>\$ 71,363,763</u>

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 14

Part IV-B - Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

<u>Line</u>	<u>Description</u>		<u>Amount</u>
a	Total expenses per audited financial statements		\$ 69,747,895
b	Amounts included on line a, but not on line 17, Form 990 <i>(Book Expenses, not Tax Expenses per IRS Form 990)</i>		
b(4)	Currency exchange gain	(173,257)	
b(4)	Cost of sales	1,061,966	
b(4)	PPH - Underwriting Expenses	495,384	
b(4)	PPH - General & Administrative Expenses	170,100	
b(4)	ORC Rental expense (Occupancy Costs)	3,137,919	
		<u>4,865,369</u>	<u>4,692,112</u>
c	Subtotal (line a minus line b)		<u>65,055,783</u>
d	Amounts included on line 17, Form 990 but not on line a <i>(Tax Expenses per IRS Form 990, not Book Expenses)</i>		
d(1)	Investment expenses	248,138	
d(4)	Bank fees	342,791	
d(4)	Data processing lists	(14,231)	
d(4)	Reimbursement of PPH Costs incurred by Rotary	(46,698)	
d(4)	Other income	<u>(1,161,113)</u>	
		<u>(879,251)</u>	<u>(631,113)</u>
e	Total expenses per line 17, Form 990		<u><u>\$ 64,424,670</u></u>

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 6

Part II Line 43 - Other expenses

Description	Total	Program Services	Management and General
General	\$ 2,903,559	\$ 2,023,864	\$ 879,695
FY2004 over accrued expenses	(1,318,828)	-	(1,318,828)
Bank Fees	342,791	-	342,791 (1)
Investment fees	248,138	-	248,138
Outside professional services	7,146,724	3,143,593	4,003,131
Insurance	1,040,804	603,555	437,249
VAT and GST Tax	5,171	2,585	2,586
FY2005 District Governor reimbursements	7,648,229	7,648,229	-
Total	\$ 18,016,588	\$ 13,421,826	\$ 4,594,762

(1) During FY2004-05 Rotary International realized a reduction in its expenses related to the International Convention (\$974,834) and District Governors (\$342,974) for expenses that were accrued in FY2003-04 that did not materialize in FY2004-05 as expected.

It is Rotary International's practice to reflect these prior year adjustments as Management and General rather than Program Services as they relate to prior year activity.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 7

Part III: Statement of Program Service Accomplishments

What is the organization's primary exempt purpose?

Rotary is an organization of business and professional leaders united worldwide who provide humanitarian service, encourage high ethical standards in all vocations and help build goodwill and peace in the world.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 8

Part III: Statement of Program Service Accomplishments

<u>Program Description</u>	<u>Amount</u>
The Rotarian Magazine - The basic purpose of "The Rotarian", the official magazine of Rotary International, is to serve as a medium to assist in the furtherance of the purpose of Rotary International and the attainment of the Object of Rotary.	4,380,447
District Governors - The District Governor is charged with the particular duty of furthering the Object of Rotary International and is responsible for all programs and related operations within a constituted district. Rotary International has 529 District Governors.	8,728,293
International Assembly - The purpose of the International Assembly is to provide education, motivation, and inspiration to District Governor-Elects and to afford them and others in attendance an opportunity to discuss and plan how to best implement the programs and activities of Rotary during the ensuing year.	2,977,434
International Convention - The purpose of the annual Convention of Rotary International is to stimulate, inspire, and inform all Rotarians at an International level regarding the implementation of Rotary programs and activities during the ensuing year.	6,583,785
Other Program Services	
i. <u>International Offices</u> - Service clubs members worldwide with locations in : Argentina India Switzerland Australia Japan Brazil South Korea	4,527,960
ii. <u>Committees</u> - study current and on-going issues.	561,610
iii. <u>Communications</u> - produce publications materials for clubs.	4,261,422
iv. <u>Membership Services</u> - serve club members and district governors.	2,558,212
v. <u>Programs</u> - promote and develop programs of Rotary International.	1,950,592
vi. <u>Public Relations</u> - develop and provide materials to assist clubs in their public relations activities.	1,848,328
vii. <u>Rotary's History</u> - On going process of preserving Rotary artifacts for Rotarians of the future.	47,485
viii. <u>Program Administrative Support</u>	
Corporate Services	2,233,419
Financial Services	2,143,464
Info Tech Services	3,993,864
Meetings Services	1,366,536
Office Support Services	575,116
Total Other Program Services	26,068,007
TOTAL OF PROGRAM SERVICE EXPENSES	48,737,966

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 9

Part IV - Line 50 - Receivables from officers, directors, trustee and key employees.

Due From Employees	\$ 89,929
Due From Officers	<u>15,771</u>
Total	<u><u>\$ 105,700</u></u>

* Receivables due from officers, directors and key employees consist of travel advances made in connection with official business of the organization.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 10

Part IV - Line 54 - Investments - Securities

<u>Description</u>	<u>Market Value</u>
U.S. Corporate Stocks	\$ 33,025,819
Non-U.S. Corporate Stocks	11,859,468
U.S. Bonds	24,704,602
Non-U.S. Bonds	<u>844,420</u>
Total Investments	<u><u>\$ 70,434,309</u></u>

Investments are stated at market value as required by the Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations."

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 11

Part IV - Line 57b - Accumulated Depreciation Schedule

<u>Property and Equipment</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 2,960,445	\$ -	\$ 2,960,445
Condominiums	513,777	136,961	376,816
One Rotary Center Building	47,581,936	20,634,200	26,947,736
Automobiles	40,312	40,312	-
Computer Software and Equipment	10,668,739	7,988,690	2,680,049
Furniture and Equipment	3,976,258	3,110,101	866,157
Total	<u>\$ 65,741,467</u>	<u>\$ 31,910,264</u>	<u>\$ 33,831,203</u>

Property and equipment are stated at cost and depreciated using the straight-line method over
 the estimated useful lives of the assets:

- 31.5 years (Buildings)
- 3 to 10 years (Furniture and Equipment)

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 12

Part IV - Line 62 - Deferred Revenue

<u>Description</u>	<u>Amount</u>
Unearned affinity credit card royalties	\$ 80,424
Unearned 2007 Council on Legislation unearned per capita levy	1,776,645
Unearned 2006 International Convention registration revenue	16,340
Unearned 2006 membership dues revenue	130,488
Unearned publication revenue	27,478
Unearned 2006 Official Directory unearned hotel advertising revenue	8,795
Total	<u><u>\$ 2,040,170</u></u>

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 15

Part V: List of Officers, Directors, Trustees and Key Employees

(A)	(B)	(C)	(D)	(E)
Name and Address	Title and Average Hrs/Wk	Compensation	Contributions to employee benefit plans and deferred compensation	Expense account and other allowances
Glenn E. Estess One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	President 40 hrs/wk	\$ 0	\$ 0	\$ 135,976
Carl-Wilhelm Stenhammar One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	President-elect Part time	0	0	157,702
John F. Germ One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Vice-President Part time	0	0	0
David D. Morgan One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Treasurer Part time	0	0	0
Ronald L. Beaubien One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Jocelyn I. Bolante One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
John J. Eberhard One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Serge Gouteyron One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Sushil Gupta One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Solve Kernell One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
David Linett One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 15

Part V: List of Officers, Directors, Trustees and Key Employees

(A)	(B)	(C)	(D)	(E)
Name and Address	Title and Average Hrs/Wk	Compensation	Contributions to employee benefit plans and deferred compensation	Expense account and other allowances
Michael D. McCullough One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Yoshikazu Minamisono One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
G. Kenneth Morgan One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Luiz Coelho de Oliveira One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Jose Antonio Salazar C. One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Sakuji Tanaka One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Contant A.G.M. Tempelaars One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Rodger W. Wagner One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Director Part time	0	0	0
Total		\$ -	\$ 0	\$ 293,678
Edwin H. Futa One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	General Secretary 40 hrs/wk	\$ 166,111	\$ 7,003	\$ 0
Paid by The Rotary Foundation (FEIN No. 36-3245072)		71,191	3,002	0
Total for Edwin H. Futa		\$ 237,302	\$ 10,005	\$ 0

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 15

Part V: List of Officers, Directors, Trustees and Key Employees

(A)	(B)	(C)	(D)	(E)
Name and Address	Title and Average Hrs/Wk	Compensation	Contributions to employee benefit plans and deferred compensation	Expense account and other allowances
Peter DeBerge One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Chief Financial Officer 40 hrs/wk	\$ 95,731	\$ 7,653	\$ 0
Paid by The Rotary Foundation (FEIN No. 36-3245072)		61,205	4,893	0
Total for Peter DeBerge		<u>\$ 156,936</u>	<u>\$ 12,546</u>	<u>\$ 0</u>
Alan Jarvis One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Chief Information Officer General Manager 40 hrs/wk	\$ 67,343	\$ 7,664	\$ 0
Paid by The Rotary Foundation (FEIN No. 36-3245072)		67,342	7,663	0
Total for Alan Jarvis		<u>\$ 134,685</u>	<u>\$ 15,327</u>	<u>\$ 0</u>
Kathleen Kessenich One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Communication Services General Manager 40 hrs/wk	\$ 89,414	\$ 8,068	\$ 0
Paid by The Rotary Foundation (FEIN No. 36-3245072)		38,320	3,458	0
Total for Kathleen Kessenich		<u>\$ 127,734</u>	<u>\$ 11,526</u>	<u>\$ 0</u>
Theresa Nissen One Rotary Center 1560 Sherman Ave. Evanston, IL 60201	Membership Services General Manager 40 hrs/wk	\$ 127,734	\$ 7,932	\$ 0
Paid by The Rotary Foundation (FEIN No. 36-3245072)		0	0	0
Total for Theresa Nissen		<u>\$ 127,734</u>	<u>\$ 7,932</u>	<u>\$ 0</u>
Total Paid by Rotary International		\$ 546,333	\$ 38,320	\$ 293,678
Total Paid by The Rotary Foundation (FEIN No. 36-3245072)		238,058	19,016	0
Total Paid		<u>\$ 784,391</u>	<u>\$ 57,336</u>	<u>\$ 293,678</u>

The Rotary International Retirement Plan, covering substantially all employees, is a defined benefit pension plan. The benefits are determined by application of a benefit ratio to the employee's highest average annual earnings for five consecutive years. The pension plan assets are invested in certain pooled fixed income and equity funds.

Rotary's funding policy, subject to the minimum funding requirements under the Employee Retirement Income Security Act of 1974, is to contribute such amounts as determined on an actuarial basis to provide the assets sufficient to meet the benefit obligations.

Due to the nature of our pension plan, it is not feasible to present contributions on an individual basis.

As a matter of course, travel related business expenses are reimbursed for Officers, Directors, Trustees, and Key employees under an accountable reimbursement plan. The amounts of such reimbursements are not included as compensation.

Rotary International
2004 Federal Tax Return - Form 990
36-1707667
For the Year Ended 30 June 2005

Schedule 16

Part IV - Line 80b - Rotary International's relationship with other organizations

Name and Address

Exempt

The Rotary Foundation of Rotary International

1560 Sherman Avenue
Evanston, IL 60201

Yes

PPH National Insurance Co.

346 Shelburne Rd. 5th Floor
Burlington, VT 05401

No

Part VII - Relationship of Activities to the Accomplishment of Exempt Purposes

Explain how each activity for which income in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

Line No. Explanation

- 93a *The Rotarian* magazine serves as a medium to assist in the furtherance of the mission of Rotary International and the attainment of the Object of Rotary, which is to support its member clubs in fulfilling the Object of Rotary by:
- * Fostering unity among club members;
 - * Strengthening and expanding Rotary around the world;
 - * Communicating worldwide the work of Rotary;
 - * Providing a system of international administration.
- 93b The purpose of the International Convention of Rotary International is to stimulate, inspire, and inform all Rotarians at an international level regarding the implementation of Rotary programs and activities during the ensuing year.
- 93c The Open World Program enables emerging leaders from Russia to experience U.S. democracy and free enterprise in action within communities across the United States. Rotary communities have hosted delegations from Russia under the economic development, education reform, environment, health issues, rule of law and women as leaders themes.
- 93d The Official Directory serves as an information guide to the worldwide fellowship of Rotary. Rotarians use the Official Directory to plan club visits during their travels. Rotary officers and committee members use the directory to contact other clubs in their efforts to promote international service and fellowship between Rotarians in different communities.
- 94 Membership dues are received in exchange for membership benefits, which include the receipt of *The Rotarian* magazine, and access to weekly meetings which provide opportunities for humanitarian service both locally and internationally.
- 102 Sale of various publications and literature which provide information concerning the programs and activities of Rotary International.
- 103b Volume discount rebates from travel service vendors resulting from airfares purchased to conduct ordinary business.