



Peace is possible



THE ROTARY FOUNDATION 2006-07 ANNUAL REPORT



ALYCE HENSON/ROTARY IMAGES

Students at the Padre Francisco da Motta School in Rio de Janeiro carry bread rolls they baked in their vocational training program, sponsored by Rotary clubs in Brazil, Germany, and India with the help of a Rotary Foundation Matching Grant.

MISSION STATEMENT

The Rotary Foundation of Rotary International

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.

THE ROTARY FOUNDATION ANNUAL REPORT 2006-07

The Rotary Foundation's best moment

The 2006-07 Rotary year was a remarkable one for The Rotary Foundation, as you will see in the pages of this report. The celebration of our Foundation's 90th anniversary inspired Rotarians worldwide to achieve astounding goals in service and financial support. For this reason, I dedicate this message to them with deepest appreciation for their unwavering and forward-looking contributions.



The Foundation reached new milestones in contributions, services, and recognition in 2006-07. For the first time, contributions to the Annual Programs Fund exceeded US\$100 million.

Likewise, the number of new Paul Harris Fellows, Major Donors, and Arch C. Klumph Society members was the highest ever. The Rotary Club of Kowloon East (District 3450) in Hong Kong became the first club consisting entirely of Major Donors. In addition, the level of dividends and income earned on our investments was among the highest in our history.

Our educational programs continued to grow with marked success, and the first 60 years of the Ambassadorial Scholarships program were highlighted during the year. Almost 60 percent of past and current Rotary World Peace Fellows attended the outstanding first Rotary World Peace Symposium in Salt Lake City, Utah, USA. The enthusiasm and practical insights offered by these peace scholars are indicators that we

are on the right path with our Rotary Centers for International Studies in peace and conflict resolution. With the intention of establishing the Rotary Centers as a permanent program and providing long-term funding, the Trustees resolved in 2006-07 to launch an initiative to raise \$95 million in named and endowed support. Donations or commitments in excess of 20 percent of the goal were received in just the first year — a truly noteworthy achievement!

As a result of the humanitarian projects carried out by Rotarians, all available funds for the year were allocated, and we were just short of approving the 27,000th Matching Grant. Once again, the Health, Hunger and Humanity (3-H) Grants program awakened the interest of Rotarians, and \$4.2 million was approved for 18 new projects. The 30 June 2007 statistics on our polio eradication efforts show the fewest number of affected countries and individual cases on record since our involvement began. At the same time, use of the District Designated Fund, which had stagnated for a number of years, increased gradually, with available funds by the end of the year totaling less than \$11 million, a good sign of progress toward attaining the Object of Rotary and fulfilling the mission of The Rotary Foundation.

The Rotary Foundation Future Vision Committee forged ahead purposefully, drafting its strategic development plan with excellent results. The Council on Legislation granted it unqualified support in the endeavor to simplify procedures, increase efficiency and accessibility, instill a keener sense of ownership, and enhance our Foundation's public image.

I am convinced that our Foundation is in its best moment yet. On behalf of the Trustees of The Rotary Foundation, I would like to reiterate our gratitude to the entire family of Rotary and express our appreciation to the Board of Directors of Rotary International for its abiding support and encouragement. We are also grateful to the staff of RI and the Foundation for accompanying us on the journey to guide our Foundation to ever loftier heights.

I extend to you all my heartfelt appreciation for your support.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Luis Vicente Gay". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Luis Vicente Gay
2006-07 Trustee Chair
The Rotary Foundation

POLIOPLUS

Making possible a polio-free world

Rotary and its partners reaffirm commitment to polio eradication

At a time when some public health officials have considered shifting the focus on polio from eradication to control, Rotary has underscored its commitment to wiping out the disease. In April, Rotary's Council on Legislation voted 463-36 to maintain PolioPlus as Rotary's corporate program of the highest order.

"Rotary was the first organization to have the vision of a polio-free world, so we need to sustain our commitment to creating a world with one less threat for every child," RI President William B. Boyd said.

Recently, the World Health Organization (WHO) cited a Harvard University study showing that switching from polio eradication to control would, over the next 20 years, result in four million children paralyzed by the disease and billions of dollars more in health care costs.

Moreover, the Global Polio Eradication Initiative has achieved a 99 percent decline in polio since 1985 and prevented five million cases. It has also mounted faster, more sustained responses to polio outbreaks, resulting in just 6 percent of new cases stemming from importations in 2006, compared to 52 percent in 2005.

"We promised the children of the world that they would grow up in a world without polio and that their children would not have to face the threat of that dreaded disease," Boyd said. "If we are to fulfill this promise, we need to stay focused until there is no more wild poliovirus."

At a February meeting at WHO headquarters in Geneva, representatives of the Global Polio Eradication Initiative's major partners reaffirm their commitment to eliminating the disease. From left: William B. Boyd, president of Rotary International; Dr. Julie Gerberding, director of the U.S. Centers for Disease Control and Prevention; Kul Gautum, deputy executive director of UNICEF; and Dr. Margaret Chan, director-general of WHO.





ANDY LOVELESS

A town crier in Ganguwa, Nigeria, rallies villagers for an immunization day in January. Nigeria accounts for more than half of all polio cases among the four remaining polio-endemic countries, which include Afghanistan, India, and Pakistan. The Nigeria PolioPlus Committee is leading intensive immunization campaigns in the northern part of the country where wild poliovirus transmission is concentrated.



Charlene Hall (third from left) helps identify children who have been vaccinated against polio during India's National Immunization Days.

Family of Rotary travels the globe to eradicate polio

In 2006, two women — one a teenager and the other a grandmother — left their comfortable homes in the United States and traveled halfway around the world to take part in their first-ever mass polio immunization effort. Although not Rotarians themselves, Molly Williams and Charlene Hall are enthusiastic members of the family of Rotary.

Williams, 17, of Seattle, Washington, heard about Rotary's mass polio immunization efforts from her mother, Penny LeGate, a TV news anchor and former honorary member of the Rotary Club of University District of Seattle. Accompanied by 68 Rotarians and volunteers, Williams and her mother helped vaccinate children in Ethiopia against polio in October 2006.

"It's a dream come true to be able to help people in a way I never could in the United States," Williams wrote in a journal of her experience.

Hall, 62, of Dunwoody, Georgia, grew up in a world where polio's crippling effects were common. In November, she and her husband, Past District 6900 Governor Robert Hall, and 16 Rotarians and volunteers helped immunize children in India against the disease.

"We believe it is important to finish the job Rotary started," Hall says. "No child should have to suffer the consequences of this dreaded disease."

Advocacy is key to finishing the job

As polio's last stronghold continues to shrink, a small group of Rotarians is working to ensure that governments provide enough funds to eradicate the disease. The group includes national advocacy advisers, the Polio Eradication

Advocacy Task Force, Polio Eradication Advocacy Task Force for the United States, International PolioPlus Committee, RI president, Foundation trustee chair, and other Rotary leaders. Their mission is critical, as public-sector funding makes up more than two-thirds of support for the global eradication effort.

Since its launch in 1995, the Polio Eradication Advocacy Task Force has helped raise more than US\$3 billion in polio-specific grants from the public sector, including over \$1.3 billion from the United States, the largest donor.

Rotary also focuses advocacy efforts on multinational organizations, such as the G8, African Union, and Organization of the Islamic Conference (OIC), making it possible to reach many more countries simultaneously. It honors individuals from these and other groups with the Polio Eradication Champion Award for their key support. In 2006-07, Rotary presented the award to

- Prime Minister Bertie Ahern, in recognition of Ireland's outstanding financial support for eradicating the disease (\$16.5 million)
- Prime Minister Abdullah Ahmad Badawi for Malaysia's commitment and contribution to polio eradication — the first among OIC nations, inspiring many other members to follow suit
- Professor Ekmeleddin Ihsanoglu, secretary-general of the OIC, for encouraging OIC donor states to make political and financial commitments supporting polio eradication

"The polio eradication initiative has been a worldwide success, and there is now a real prospect that the world will soon be free of this debilitating disease," Ahern said. "The major obstacle to this achievement is funding, and Ireland is delighted to be able to respond in this regard."

HUMANITARIAN GRANTS PROGRAM

Making possible a better quality of life

Women in Mongolia take a life-saving test

In Mongolia, cervical cancer strikes more women than any other form of the disease. A major cause is human papillomavirus, which infects up to 40 percent of the country's women. Early detection of cervical cancer could help save the lives of many women, but 95 percent have never been screened for it.

In 2006, the Rotary clubs of Cheonan-Dosol (Korea), Hong Kong, Khuree (Mongolia), and Taipei Genius and Taipei Tin Harbour (Taiwan) teamed up to provide Test for Life to women in four Mongolian provinces. Seven Rotarians and 13 non-Rotarian medical professionals traveled 1,400 miles (2,250 kilometers) over some of the world's toughest terrain to reach impoverished communities. The effort, which was aided by a US\$9,500 Rotary Foundation Matching Grant, also provided dental examinations.

"I lost my grandma and many patients due to late cervical cancer," said Bayarsaikhan Luvsandorj, a doctor and member of the Khuree club. "So many times I was thinking that if a patient [had visited] me a few years earlier, I could have saved her life."

"To me, there is nothing more important than saving a life, especially when it is almost certain that we know how we [can do it] at a very reasonable cost," said Elkie Hon, international service director of the Hong Kong club.



ELKIE HON

Bayarsaikhan Luvsandorj (right), the driving force behind the cancer screening initiative, swabs cervical cells onto a slide for examination.

Rotarians lead Brazilian children on a learning journey

Past District 4760 Governor Eduardo Krafetuski has seen a passion for learning take hold of children in the state of Minas Gerais, Brazil, since the start of a Rotary concentrated learning encounter program there. CLE enables students to do increasingly difficult written and verbal language exercises through literacy immersion techniques.

"The kids like to go to school. The necessity to repeat the same class level is reduced to zero in most of the classes using our methodology," Krafetuski said. He added that parents, too, are more interested in their children's schooling because of CLE's positive effect in the classroom.

Sponsored by Rotary districts 4520, 4560, and 4760 (Brazil), 6900 (Georgia, USA), and 7080 (Ontario, Canada), the effort has helped train 1,059 teachers in 45 schools to use the CLE method in teaching 39,500 students. A US\$233,752 Health, Hunger and Humanity (3-H) Grant helped fund training equipment and materials for the program, which established literacy centers in Contagem and other cities. More than 160 Rotarians promoted the CLE program to government officials and visited the literacy centers and schools.

Completed in 2006, the program also caught the attention of education officials in Minas Gerais. In Ipatinga, for example, the mayor was so impressed with the program's effectiveness that he extended it to all municipal schools at the city's expense.

"Brazil has serious illiteracy problems among children at school, street children, and adults," Krafetuski said. "Concentrated learning encounter techniques recommended by the Rotary Literacy Resource Group bring great hope of alleviating that problem . . . in many parts of Brazil and other countries in Latin America."

Family members on a farm in Tanzania draw clean water from a well. The Matching Grant project has expanded to benefit 12,500 people.



ALYCE HENSON/ROTARY IMAGES

Students welcome Eduardo Krafetuski to Sonia Braga School in Contagem, Brazil, where the CLE method is used. As a result of the 3-H project, nearly all students at the school are earning passing grades.

Project pumps new life into Tanzania's farmland

Until recently, most of the fertile land near Tanga, Tanzania, was occupied by large estates raising sisal fiber, used in producing rope, textiles, paper, and other products. When one of the estates became available for subdividing into small farms, unemployed villagers in the area jumped at the opportunity to make a solid living. One obstacle, however, blocked their use of the land: lack of reliable water sources.

Through a US\$12,995 Rotary Foundation Matching Grant project, the Rotary Club of Tanga and the Rotary clubs of Bolsward and Deurne-Asten-Someren, The Netherlands, joined together to install seven hand-pumped shallow wells on the 620-acre (250-hectare) tract of land. The water access enabled 175 households to apply for plots. Through collaboration with other projects funded by the European Union and Hivos (a Dutch nongovernmental organization), the effort also provided land surveys and deeds, agricultural training, and heifer cows on credit.

More than 60 Rotarians from the two countries helped carry out the project, with Dutch Rotarians making three on-site visits. They've been pleased to find families not only raising staple crops like corn and cassava but also selling cashews and surplus milk for profit.

"Women and girls now save time on daily water collection for households and livestock," said Luuk Schoonman of the Tanga club. "The most important and long-term benefit is that young families have found a way to sustain themselves."



Villagers in Aramasi, Bolivia, are growing produce to feed 70 families, aided by the Rotary clubs of Space Center (Houston), Texas, USA, and Cochabamba-Tunari, Bolivia. A US\$29,000 Rotary Foundation Matching Grant funded water resources for fruit and vegetable gardens. The project also trained farmers in how to maintain the gardens and enrich their families' diets. For decades, Aramasi had suffered from severe malnutrition and high infant and child death rates.

EDUCATIONAL PROGRAMS

Making possible greater global understanding



ALYCE HENSON / ROTARY IMAGES

Former ambassador receives Foundation's highest alumni honor

Philip Lader's first trip on an airplane took him from Florida, USA, to England to attend the University of Oxford as a 1967-68 Rotary Foundation Ambassadorial Scholar. It began the journey of a lifetime and set him on the path to receive the Foundation's 2006-07 Global Alumni Service to Humanity Award.

"My scholarship introduced me to a much broader and challenging world," said Lader, who was the first member of his family to attend college.

Lader went on to achieve great success, serving as U.S. ambassador to the United Kingdom from 1997 to 2001 and a member of President Bill Clinton's cabinet. Before that, he was White House deputy chief of staff, administrator of the U.S. Small Business Administration, and deputy director for management of the Office of Management and Budget.

In addition, Lader has served on several civic, corporate, arts, and education boards, including the British Museum, Lloyd's of London, and the Smithsonian Institution's National Museum of American History. He is nonexecutive chair of WPP Group, a worldwide advertising and media company providing services in 106 countries.

"It's a wonderful honor," Lader said in accepting the award in June at an alumni reception preceding the 2007 RI Convention in Salt Lake City, Utah, USA. "But I'm really embarrassed, because I know of the contributions of many others more deserving than me."

He recalled a time when the kindness of Rotarians touched him deeply. While traveling through Europe during Oxford's Christmas break, he received a telegram telling him of his father's death. A Rotarian acquaintance paid for Lader's round-trip airfare, making it possible for him to be home with his mother for the funeral.

Lader advised current Ambassadorial Scholars "to stay in close touch with Rotary" for the rest of their lives. He also urged Rotarians to continue to support scholarships for deserving students.

Philip Lader, recipient of The Rotary Foundation's 2006-07 Global Alumni Service to Humanity Award



Once divided by Sri Lanka's conflict, two alumni make peace

Raveendra Pathiranage's first encounters with Thevananth Thevanayagam were anything but cordial.

From July through September 2006, they found themselves unlikely classmates at the inaugural session of the Rotary Peace and Conflict Studies Program at Chulalongkorn University in Bangkok, Thailand. For weeks, they argued about the long-standing conflict in their native Sri Lanka.

"But we talked about our problems and gradually understood each other," said Thevanayagam, program manager for the Tamil Refugees Rehabilitation Organization in Sri Lanka, who was sponsored by the Rotary Club of Jaffna, Sri Lanka. The agency provides food, shelter, rehabilitation, and other assistance to displaced Tamil refugees.

"We erased the hard feelings and went on to 'What can we do to solve the problem?'" said Pathiranage, senior state counsel in the attorney general's office in Sri Lanka, who was sponsored by District 3220 (Sri Lanka).

He was especially moved by Thevanayagam's stories of children who had been orphaned or couldn't go to school. In November, when conflict forced the main road into the Jaffna peninsula to close, Pathiranage asked, "Theva, can I do anything?"

Thevanayagam explained that the region was barely surviving on twice-monthly dry rations and many people, including his family, were suffering from chikungunya, a disease that causes high fevers. Pathiranage used some of his personal connections to get a month's supply of dry milk and medicine to the family.

In June, the two men traveled together to the first Rotary World Peace Symposium, held just before the 2007 RI Convention in Salt Lake City, Utah, USA, to see their former classmates.

Adversaries-turned-friends

Raveendra Pathiranage (left)
and Thevananth Thevanayagam

"The link between myself and Theva will be very important in the future to discuss the peace-related issues [in Sri Lanka]," said Pathiranage.

British GSE team prepared for any emergency

"We all have the same goal: to make the world a safer place for everyone," said disaster management student David Cowley of the work performed by emergency service personnel around the world.

To help reach this objective, Cowley and four emergency management professionals from England traveled to Chicago to learn how cities overseas prepare and respond to crises. Their trip marked the second half of the Group Study Exchange (GSE) between districts 1280 (part of England; Isle of Man) and 6440 (Illinois, USA).

During their monthlong visit in April, the GSE team, led by Phil Jones of the Rotary Club of Bolton Daybreak, toured police stations, fire departments, and hospital emergency rooms. They accompanied police units on patrols, attended a canine narcotics training session, and observed a life-saving demonstration at a high school.

"I now have ideas that I can implement as soon as I get home, new ways of doing things that will show a direct improvement on the quality of service we provide," said Nadia Brew, a lieutenant with the Cheshire police force.



The District 1280 GSE team (in khaki pants) met with emergency responders, including Waukegan's aircraft rescue and firefighting personnel, throughout District 6440.

Rotary World Peace Fellows answer the call

Alumni of the Rotary Centers for International Studies and the Rotary Peace and Conflict Studies Program are making a growing difference as humanitarian leaders, diplomats, government officials, and other key players around the globe. Consistent with The Rotary Foundation's mission, they are working to overcome poverty, disease, illiteracy, and other obstacles to world understanding and peace.

Each year, up to 60 Rotary World Peace Fellows study at six Rotary Centers located at seven leading universities (see opposite page). In July 2006, the Foundation began an initiative to raise US\$95 million by June 2015 to fund 120 peace fellows annually. Already, more than 20 percent of the total amount has been raised.

The Rotary Peace and Conflict Studies Program is held annually in two sessions at Chulalongkorn University in Bangkok, Thailand. Each session is an intensive three-month course to help up to 30 mid-career professionals strengthen their negotiation skills and make a positive impact on peace and conflict resolution efforts worldwide.

At the first Rotary World Peace Symposium, held 14-16 June in Salt Lake City, Utah, USA, nearly 400 Rotary peace program participants, alumni, faculty, and Rotarians heard panel discussions about strategies for resolving conflicts worldwide. Here is a capsule look at several alumni and their roles in helping to build a world at peace.



MONIKA LOZINSKA-LEE/ROTARY IMAGES

Arnoldas Pranckevicius (Sciences Po 2002-04) of Lithuania, who works at the European Parliament in Brussels, addresses the Rotary World Peace Symposium. He is responsible for interparliamentary delegations for relations with Belarus, Russia, and Ukraine.

“Every society requires new, well-educated leaders with broad views and wide experience. I believe the Rotary World Peace Fellowship raises these leaders.”

Jan Nemecek, Czech Republic
(Universidad del Salvador 2002-04)
Head, Department of Political Affairs,
European Commission Delegation to Venezuela



Francis Kabosha (Chulalongkorn University 2007), right, takes part in a field study of ethnic conflict in Thailand while a participant in the Rotary Peace and Conflict Studies Program. Kabosha is a refugee officer with the Commissioner for Refugees Office in Zambia.

“There is no other well-structured program in the world that is capable of making . . . a strong global network of experts for international peace studies and conflict resolution.”

Beyene Zewdineh, Ethiopia
(University of California, Berkeley 2002-04)
President, African Institute for Arbitration,
Mediation, Conciliation, and Research



To the delight of Rotary Foundation Trustee Chair Luis Giay, Gert Danielsen (Universidad del Salvador 2003-05), left, of Norway and Scott Lang (University of Bradford 2005-07) of the United States each pledged to contribute US\$1,000 every year for the rest of their lives to the Rotary Centers program. Danielsen also pledged two challenge gifts that, if matched, would triple his annual contribution.

The Rotary Centers for International Studies

- Duke University and University of North Carolina at Chapel Hill, North Carolina, USA
- International Christian University, Tokyo, Japan
- University of Bradford, West Yorkshire, England
- University of California, Berkeley, California, USA
- University of Queensland, Brisbane, Australia
- Universidad del Salvador, Buenos Aires, Argentina

(Note: Some Rotary World Peace Fellows mentioned in these pages studied at Sciences Po in Paris, which no longer has a Rotary Center.)



Michel Huneault (University of California, Berkeley 2002-04) is a senior analyst with the Canadian International Development Agency, posted in Afghanistan with the Provincial Reconstruction Team of Kandahar.

“Every time a corporation follows my advice, and for every child saved as a result of these actions, for every little contribution I make to world peace, I have Rotary to thank.”

Elisabeth Abeson, USA
(International Christian University 2003-05)
Private-sector partnership adviser, Save the Children



During her applied field experience in Nairobi, Nai-Hua Wu (International Christian University 2005-07), right, of Taiwan worked with 2004 Nobel Peace Prize laureate Wangari Maathai, founder of the Green Belt Movement. Wu plans to focus on resolving environmental issues that lead to violence.



1



MICHAEL FIDLER

2



ALYCE HENSON / ROTARY IMAGES

3



CHARLENE HALL

4

5



1 Four Rotary Foundation Ambassadorial Scholars and two other students from the University of Witwatersrand celebrate in Cape Town after hiking more than 1,200 miles (1,930 kilometers) through South Africa in December 2006. The 20-day trek raised over US\$7,000 and awareness for Rotarians for Fighting AIDS, a Rotarian Action Group.

2 A family in Tajikistan toasts their community's health and Rotarians who helped alleviate illness through a clean water project benefiting 15,000 people in 12 villages. The project is sponsored by the Rotary Club of Dushanbe, Tajikistan, and 19 clubs in Florida and Indiana, USA, with support from nearly US\$38,600 in Foundation Matching Grants.

3 Villagers in Mandatane, India, haul rocks to help clear a site for a well as part of a Matching Grant project sponsored by the Rotary clubs of Bombay Metropolitan, India, and Palo Alto, California, USA.

4 Rotary Foundation Major Donor Donna Philips of Georgia, USA, gives oral polio vaccine to a child in Uttar Pradesh, India. Together with her husband, James, of the Rotary Club of Decatur, she helped protect children against polio during Subnational Immunization Days (SNIDs) in November 2006. Their contribution to the PolioPlus Partners program helped fund the SNIDs.

5 A Group Study Exchange (GSE) team from Zambia (District 9210) visited South Africa (District 9300) in November 2006, signifying improved relations between the two countries. The neighboring country GSE was made possible through a District Designated Fund donation of US\$6,000 from District 9210 to District 9300. A team from South Africa visited Zambia in April.

FUND DEVELOPMENT

Making possible support for a more peaceful world



Harshad R. and Naina Mehta

Major Donors committed to bettering people's lives

For Harshad and Naina Mehta, membership in the Arch C. Klumph Society reflects the level of their commitment to meeting people's needs around the world through The Rotary Foundation's programs. The society is named after the founder of the Foundation and honors Major Donors who contribute US\$250,000 or more.

In recent years, the Mehtas have contributed major gifts to PolioPlus, endowed an Ambassadorial Scholarship and a Humanitarian Grants Program fund, and generously supported the Annual Programs Fund. The couple became charter members of the Arch C. Klumph Society in 2004 and increased their financial support with a \$1 million gift in November 2006. They are the first donors from India to surpass \$1 million in contributions to the Foundation.

The Mehtas have "a strong sense of family values on the one hand and a firm belief in ethical business values on the other," said then Foundation Trustee Kalyan Banerjee at the couple's induction ceremony. "In the jewelry manufacturing business of the world, [Harshad Mehta] has an enviable reputation of integrity, fairness, and finding solutions to every difficulty."

For several years, Mehta has chaired a foundation that manages the Rajkot Volunteer Blood Bank, one of the top facilities of its kind in western India and an affiliate of the American Association of Blood Banks. He also helps provide funding and facilities to benefit the welfare of young athletes.

Mehta's commitment to giving back locally and in the global community began almost the same time he joined the Rotary Club of Bombay Metropolitan in 1993.

"When I came to Rotary with one of my best friends, he said to me, 'You will like Rotary, please be in Rotary,'" said Mehta. "It was a wonderful gift given by that friend."

The Foundation is 'the best tool' for working toward peace

Past RI Director Julio Sorjús and his wife, Carmen, of Spain have fulfilled a family dream by establishing a named endowed fund within The Rotary Foundation's Permanent Fund. The endowment will help support vocational grants benefiting young women in India.

"Carmen and I have always held the strong conviction that education is where everything else starts," said Sorjús, who credits his great-grandfather, Don Damián Cardoner, with inspiring the belief.

For many years, Damián Cardoner traveled widely and worked in Switzerland, France, and the United States before returning to Spain. In his last will, he envisioned creation of a foundation to establish a free primary school for children from his hometown.

"That was the strong belief of my great grandfather . . . to help others gain the right to enjoy the early education he never enjoyed," said Sorjús, a member of the Rotary Club of Barcelona Condal. "I feel his dream of contributing to spread the light of education and opportunities continues to be as noble as ever."

Although the couple qualified as charter members of the Arch C. Klumph Society in 2005, a special induction ceremony was held for them in April. Julio Sorjús has also served on the PolioPlus National Advocacy Advisers Committee, and he and Carmen have spent significant time working on polio eradication and the Rotary Youth Exchange program.

The Rotary Foundation, said Sorjús, is "the best tool to channel and multiply our efforts toward world peace."



Julio and Carmen Sorjús

Couple helps others build a better future

Past District 5050 Governor Harvey Jubie has made a habit of using his profession as a general contractor and his love of service as a Rotarian to benefit people in both his own community and Central America.

Jubie, who is a member of the Rotary Club of Marysville, Washington, USA, and his wife, Janet, also support The Rotary Foundation's programs as a major way to reach people in need virtually everywhere in the world. Strong supporters of the Annual Programs Fund, PolioPlus, and disaster relief, they were inducted as members of the Arch C. Klumph Society in April.

The Jubies have made eight trips to Guatemala, including helping to build a school for Mayan Indians in a project coordinated by the Hands for Peacemaking Foundation that received a Foundation Matching Grant. They have also worked on projects in Ecuador.

"If the club needs something moved, fixed, built, dug, drilled, manufactured, or completed, they are there to make it happen," said District 5050 Governor Roderick Thompson. "The old saying 'We make a living by what we earn and a life by what we give' could not be more appropriate."

Harvey R. and Janet G. Jubie



MAJOR AWARDS RECEIVED IN RECOGNITION OF POLIOPLUS

Since 1985, Rotary International has garnered many awards recognizing the effectiveness of its efforts in support of global polio eradication and other public health efforts. Here are a few of the more notable honors received.

2006 World Food Programme's Award for Exemplary Humanitarian Leadership to Rotary International for helping to give more than two billion children a life free from polio

2004 American Academy of Pediatrics' Excellence in Public Service Award to Rotary International for its work to eradicate polio worldwide

World Bank President's Award for Excellence to Rotary International, the PolioPlus program, and International PolioPlus Committee Chair William Sergeant for the partnership with the World Bank on the International Development Association's credit buy-down for eradicating polio



MONIKA LOZINSKA-LEE/ROTARY IMAGES

2002 Bill & Melinda Gates Foundation's Gates Award for Global Health to The Rotary Foundation, recognizing Rotary's leadership and impact in the field of public health, most notably RI's top priority of eradicating polio

Pan American Health Organization's Public Health Hero of the Americas, recognizing Past RI President Carlos Canseco for his invaluable contributions to public health in the Americas. During Canseco's presidency, Rotary established PolioPlus and became the catalyst for eradicating polio in the Western Hemisphere.

1998 U.S. Centers for Disease Control and Prevention's Champion of Prevention Award, recognizing Rotary's work in the global initiative to eradicate polio

World Health Organization's 50th Anniversary Award to Rotary International for its contributions to polio eradication efforts in Africa

1996 Children's Vaccine Initiative's first Jenner Award to The Rotary Foundation in recognition of PolioPlus

1995 UNICEF's Audrey Hepburn Child Advocate Award to Rotary International in recognition of PolioPlus, making RI the first organization, rather than individual, to receive the honor

1993 World Health Organization's Health-for-All Gold Medal, its highest honor, to Rotary International in recognition of PolioPlus

1992 U.S. Centers for Disease Control and Prevention's Auxiliary Mission Support Award to Rotary International for its worldwide support through PolioPlus of the Expanded Programme on Immunization, as well as the U.S. Rotary clubs' focus on domestic immunization projects

1989 Venezuela's Dr. Enrique Tejera Medal of Health to Rotary International and National Medal of Health to The Rotary Foundation

1988 UNICEF's first International Child Survival Award to Rotary International in recognition of PolioPlus as a significant contribution to the advancement of child survival

American Academy of Pediatrics' Presidential Certificate for Outstanding Service, its highest award, to Rotary International in recognition of PolioPlus

1987 Peru's Daniel Alcides Carrion Award, the country's highest honor in the field of health and medicine, to Rotary International for its support of the nation's Expanded Program on Immunization

THE FUTURE VISION OF THE ROTARY FOUNDATION

During its first 90 years, our Rotary Foundation's activities increased steadily until it became one of the world's foremost foundations in its scope of projects, the internationality of its initiatives, the efforts of thousands of volunteers, its strong leadership in program implementation, its financial strength, and its low administrative expenses.

However, it is now important to assess how the Foundation is preparing to face future challenges. In an ever changing world, our Foundation will most certainly be very different 5, 10, or 15 years from now. That is why it's in a process of change and adaptation as never before. To be successful, our Foundation must be strong, vigorous, international, proactive, competent, organized, visionary, and capable of meeting the world's demands, particularly those of Rotarians and clubs. Everything we need to change the world is within our grasp. We need vision to face the future successfully!

The Future Vision Committee of The Rotary Foundation is working to reach these objectives. This truly international committee has consulted with experts, surveyed more than 20,000 Rotarians, and gathered the best ideas, background materials, and publications. For our Foundation, this research is unprecedented. Based on our findings, we are devising the Future Vision Plan, which is a strategy for the short, medium, and long term.

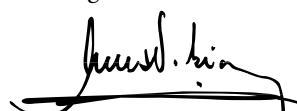
A lot of work has gone into our plan, which is progressing on track and must be completed by 30 June 2009. It is a significant achievement and promises great improvement for the future of our Foundation. The changes will be gradual and will not happen overnight. We are engaged in an intellectual and technical process, as set forth in



A Health, Hunger and Humanity (3-H) Grant project is giving a boost to this pottery factory and other small businesses in the state of Maharashtra, India. The effort is raising the standard of living for more than 50,000 people in four villages. Integrated community development projects like this one support the objectives of The Rotary Foundation's Future Vision Plan.

the Foundation's mission "to enable Rotarians to advance world understanding, goodwill, and peace through the improvement of health, the support of education, and the alleviation of poverty." Our priorities are to (1) simplify all programs and operations, (2) align program outcomes/descriptions with the Future Vision Plan, (3) increase participation and sense of ownership at district and club levels, (4) provide sufficient resources to achieve the program goals, and (5) develop a business model that supports the Future Vision Plan. The new mission statement, priorities, and motto (Doing Good in the World) were approved by the Foundation Trustees and the Board of RI and endorsed by the 2007 Council on Legislation.

My message today is one of great optimism and positive thinking. We are the guardians of our Rotary Foundation and so far have made good use of this wonderful tool, but the Foundation is also a bridge that will provide us with safe passage to a better world. Its future depends on us. Let's go forward!


Luis Vicente Giay
2006-07 Trustee Chair
The Rotary Foundation

FINANCIALS

What the Foundation Received

Contributions

For the fourth year in a row since the inception of its Every Rotarian, Every Year (Erey) initiative in 2003-04, the Foundation set a new record for contributions to the Annual Programs Fund at US\$103.0 million. Six countries and geographical areas — Hong Kong, Korea, Taiwan, Canada, Japan, and the United States — exceeded the Erey worldwide \$100 per capita goal. Permanent Fund contributions of \$13.3 million increased 8.8 percent from \$12.1 million in 2005-06. Although the polio eradication fundraising campaign ended 30 June 2005, having successfully raised over \$125 million, the PolioPlus program received \$3.1 million this year toward the final push for a polio-free world. Over the past 10 years, total giving to the Foundation grew at an annualized rate of 7.1 percent. During this period, 65 percent of all contributions were designated to the Annual Programs Fund. In 2006-07, unrestricted contributions to Donor Advised Funds added \$13.5 million (\$5.4 million for 2006-07 and \$8.1 million from prior years). Total contributions of \$149.4 million include \$16.3 million in flow-through contributions.

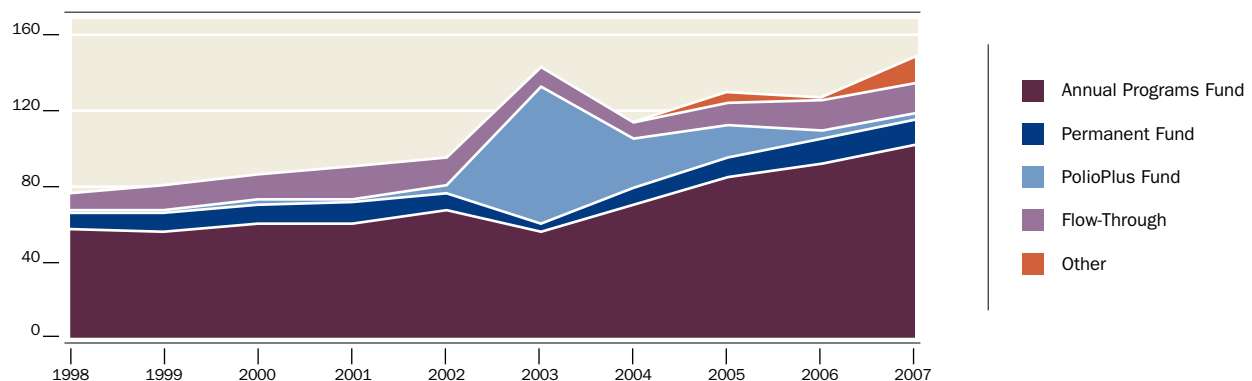
20 TOP ANNUAL GIVING COUNTRIES AND GEOGRAPHICAL AREAS

Rank		Country/ Geographical Area*	2006-07 Total Contributions** US\$ (thousands)	Annual Giving per Rotarian**	
2007	2006			2006-07	2005-06
1	1	USA	US\$55,997	US\$110	US\$97
2	2	Japan	\$13,235	\$112	\$111
3	3	Korea	\$9,027	\$147	\$139
4	6	India	\$7,288	\$51	\$39
5	4	Canada	\$5,531	\$120	\$104
6	7	Germany	\$4,412	\$75	\$70
7	9	Australia	\$4,392	\$75	\$67
8	8	Italy	\$4,388	\$83	\$75
9	5	UK	\$4,290	\$58	\$56
10	12	Brazil	\$3,141	\$54	\$39
11	10	France	\$3,137	\$76	\$78
12	11	Taiwan	\$2,899	\$123	\$139
13	14	Mexico	\$1,314	\$83	\$83
14	17	The Netherlands	\$1,017	\$45	\$25
15	19	Philippines	\$947	\$44	\$30
16	16	Belgium	\$823	\$63	\$57
17	18	Sweden	\$798	\$19	\$16
18	15	New Zealand	\$651	\$55	\$47
19	22	Switzerland	\$620	\$45	\$36
20	13	Hong Kong	\$597	\$306	\$127

* Those shown in **bold** exceeded the Erey \$100 per capita goal.

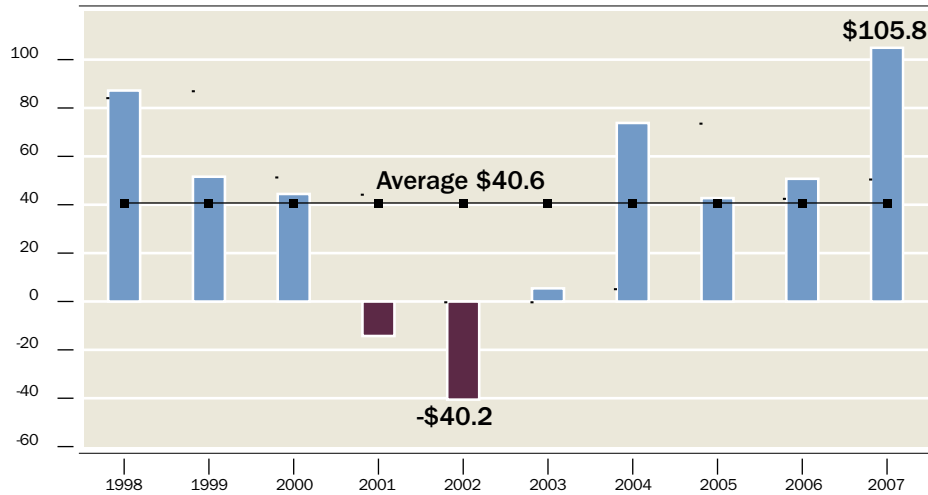
** Includes flow-through contributions.

CONTRIBUTIONS TO THE ROTARY FOUNDATION
US\$ (millions)

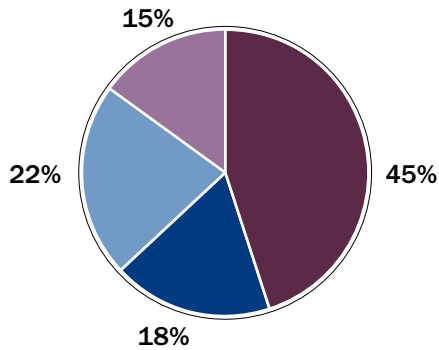


INVESTMENT INCOME

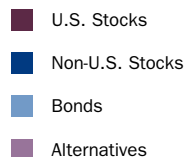
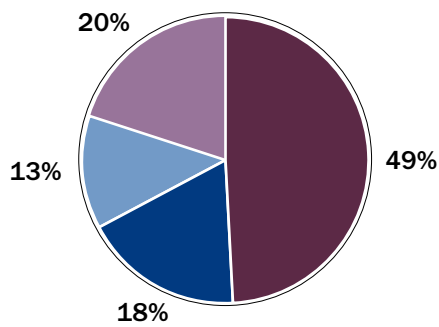
US\$ (millions)



TARGET ASSET ALLOCATION OF ANNUAL PROGRAMS FUND



TARGET ASSET ALLOCATION OF PERMANENT FUND



Investment Income

The Foundation's investments contributed US\$105.8 million to 2006-07 total revenue of \$238.9 million. Investment income from the Annual Programs Fund and PolioPlus Fund totaled \$73.1 million, of which \$37.6 million was used to pay program operations, fund development, and general administration expenses. In accordance with the Trustees' Permanent Fund spending policy, investment income of \$5.7 million was allocated as follows: \$4.8 million to program awards and \$0.9 million for Foundation operating expenses. The balance of \$26.1 million remained in the fund.

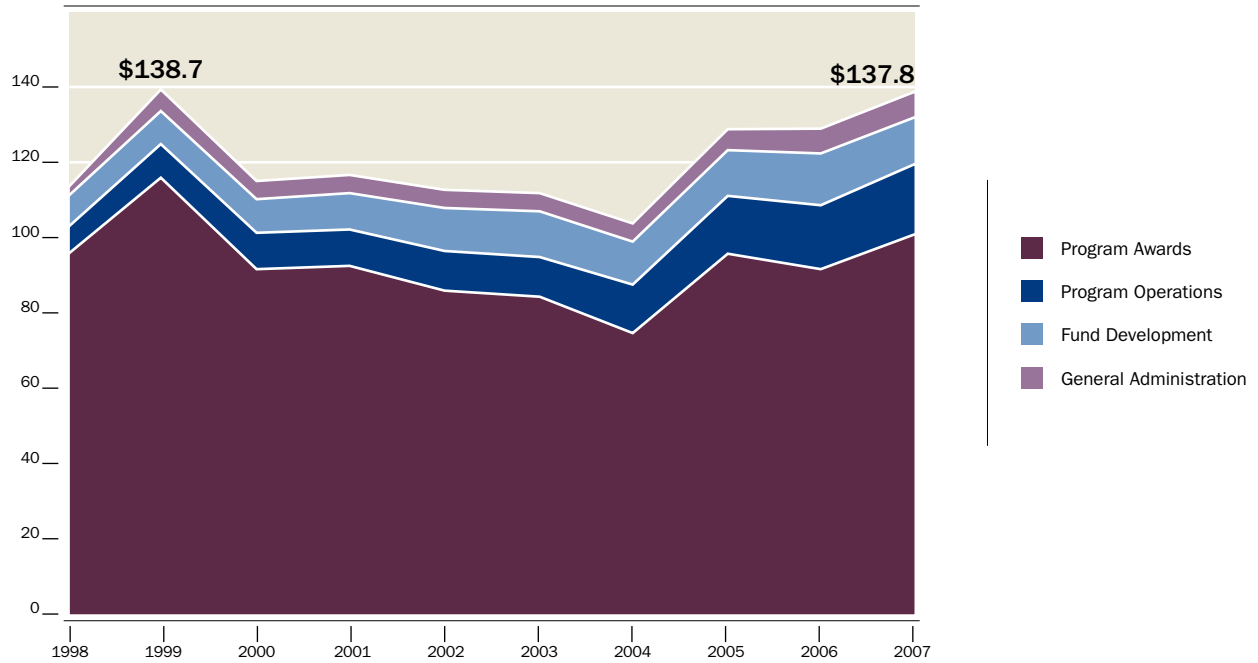
Investment income from all funds over the past 10 years averaged \$40.6 million per year. During this same period, investment income from the Annual Programs Fund of \$225.4 million was used to fund Foundation operating expenses, and excess investment income of \$99.3 million from 1996-97 through 1999-2000 was spent on program awards. Due to strong investment returns in 2006-07, investment income from the Annual Programs Fund covered 100 percent of program operations, fund development, and general administration expenses. The balance of the investment income remained in the operating reserve fund in accordance with Trustee policy.

The 2006-07 return for the Annual Programs Fund was 16.6 percent and for the Permanent Fund was 17.7 percent. These returns exceed the 10-year average for these funds. The PolioPlus Fund's investment return of 5.6 percent was significantly lower because the funds are invested entirely in short-term fixed income securities, due to the program's relatively short-term financing requirements. Over the past 10 years, the annualized rate of return for the Annual Programs Fund was 7.4 percent, the Permanent Fund 7.5 percent, and the PolioPlus Fund 5.0 percent.

Experienced, professional investment managers appointed by the Foundation Trustees manage the Foundation's investments. The Trustees closely monitor the performance of the investment managers and their compliance with policy guidelines.

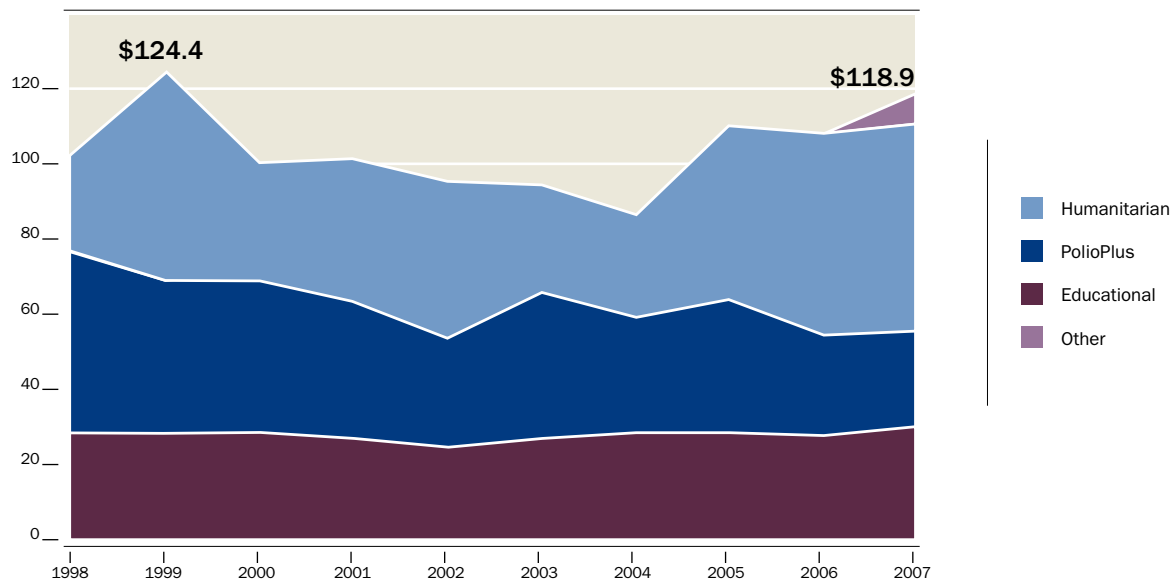
THE ROTARY FOUNDATION TOTAL AWARDS AND EXPENSES

US\$ (millions)



THE ROTARY FOUNDATION TRENDS IN PROGRAM AWARDS AND SPENDING*

US\$ (millions)



* Program Awards and Program Operations Expenses

What the Foundation Spent

Program Spending

Program spending increased by US\$10.9 million over the previous year, primarily due to \$8.4 million of Donor Advised Funds. In addition, spending on humanitarian programs increased, due to more Matching Grant payments and the reinstatement of Health, Hunger and Humanity (3-H) Grants. Total program spending for fiscal 2006-07 was \$118.9 million, which included \$26.0 million of PolioPlus program expenditures. Rotarian contributions funded \$100.2 million of program awards (funds spent directly on humanitarian projects, polio eradication, educational programs, and other programs). Investment income funded \$18.7 million of program operations expenses (personnel, services, communications, publications, public relations, supplies, and computer support to plan, manage, evaluate, and report on the programs of the Foundation and to support the Rotarians who implement international service activities).

Fund development expenses of \$12.6 million were paid from investment income. 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 of \$6.3 million were paid from investment income. 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 \$216,000 for the chairman and \$45,000 for the chairman-elect of the Trustees. These travel expenses are incurred to promote the Foundation's programs, to raise contributions and awareness for the Foundation, and to attend the International Assembly, RI Convention, Trustees meetings, and Rotary institutes (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, 34 percent for polio eradication, 27 percent for educational programs, and 1 percent for other programs.

Foundation Net Assets

The Foundation's net assets increased by US\$100.6 million over the previous year, due to increased contributions and investment income. The chart below shows 2006-07 activity in each of the Foundation's funds.

US\$ (millions)	Annual Programs Fund	Permanent Fund	PolioPlus Fund	Other*	Total
Net Assets @ 30 June 2006	\$ 405.0	\$ 179.6	\$ 52.6	\$ 0.2	\$ 637.4
Contributions	103.0	13.3	3.1	13.7	133.1
Investment Income	70.7	31.8	2.4	0.9	105.8
Program Awards	(68.1)		(23.7)	(8.4)	(100.2)
Program Operations	(16.4)		(2.3)		(18.7)
Fund Development	(12.6)				(12.6)
General Administration	(6.3)				(6.3)
Transfers between funds	0.5	(5.1)	5.2	(0.6)	0.0
Pension-related changes	(0.5)				(0.5)
Net Assets @ 30 June 2007	\$ 475.3	\$ 219.6	\$ 37.3	\$ 5.8	\$ 738.0

* 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)

	2006-07	2005-06	2004-05	2003-04	2002-03
REVENUES					
Contributions¹					
Annual Programs Fund	\$ 103.0	\$ 92.6	\$ 84.7	\$ 70.5	\$ 55.8
Permanent Fund	13.3	12.1	9.9	9.3	5.2
PolioPlus Fund	3.1	5.6	18.5	26.2	72.0
Temporarily Restricted Other	0.2	1.6	4.8		
Unrestricted Other	13.5				
Total Contributions	\$ 133.1	\$ 111.9	\$ 117.9	\$ 106.0	\$ 133.0
Investment Income					
Annual Programs Fund	\$ 70.7	\$ 34.5	\$ 30.1	\$ 53.3	\$ 2.8
Permanent Fund	31.8	14.6	11.1	20.2	0.4
PolioPlus Fund	2.4	1.1	1.5	0.1	2.2
Other Programs	0.9				
Total Investment Income	\$ 105.8	\$ 50.2	\$ 42.7	\$ 73.6	\$ 5.4
TOTAL REVENUES	\$ 238.9	\$ 162.1	\$ 160.6	\$ 179.6	\$ 138.4
PROGRAM AWARDS AND EXPENSES					
Program Awards					
Humanitarian Grants Program	\$ 44.8	\$ 44.3	\$ 38.5	\$ 21.1	\$ 23.0
Educational Programs	23.3	21.9	22.9	23.8	23.3
PolioPlus Program	23.7	24.9	33.1	29.3	36.9
Other Programs	8.4				
Total Program Awards	\$ 100.2	\$ 91.1	\$ 94.5	\$ 74.2	\$ 83.2
Program Operations					
Humanitarian Grants Program	\$ 9.6	\$ 8.7	\$ 7.6	\$ 6.1	\$ 5.5
Educational Programs	6.8	6.1	5.0	4.1	3.5
PolioPlus Program	2.3	2.1	3.1	2.3	1.9
Total Program Operations	\$ 18.7	\$ 16.9	\$ 15.7	\$ 12.5	\$ 10.9
Total Program Awards and Operations	\$ 118.9	\$ 108.0	\$ 110.2	\$ 86.7	\$ 94.1
Operating Expenses					
Fund Development	\$ 12.6	\$ 13.7	\$ 12.2	\$ 11.6	\$ 11.5
General Administration	6.3	6.6	5.7	4.9	4.6
Total Operating Expenses	\$ 18.9	\$ 20.3	\$ 17.9	\$ 16.5	\$ 16.1
TOTAL AWARDS AND EXPENSES	\$ 137.8	\$ 128.3	\$ 128.1	\$ 103.2	\$ 110.2
Pension-related changes²					
Pension-related changes ²	\$ (0.5)	\$ 0.7	\$ (0.3)	\$ 0.6	\$ (1.0)
INCREASE IN FOUNDATION ASSETS	\$ 100.6	\$ 34.5	\$ 32.2	\$ 77.0	\$ 27.2

	2006-07	2005-06	2004-05	2003-04	2002-03
ROTARY FOUNDATION ASSETS³					
Cash and Other Assets	\$ 37.4	\$ 34.7	\$ 37.9	\$ 40.8	\$ 46.1
Investments					
Cash and Short-Term Investments	\$ 28.8	\$ 24.2	\$ 21.9	\$ 27.6	\$ 52.7
Bonds	150.0	159.8	166.2	160.0	142.3
Stocks	477.2	378.8	367.4	338.1	274.9
Alternative Investments	83.9	89.8	62.7	38.5	34.9
Split-Interest Agreements	27.2	21.9	18.6	15.3	13.4
Total Investments	\$ 767.1	\$ 674.5	\$ 636.8	\$ 579.5	\$ 518.2
TOTAL ASSETS	\$ 804.5	\$ 709.2	\$ 674.7	\$ 620.3	\$ 564.3

ROTARY FOUNDATION LIABILITIES AND NET ASSETS

Liabilities					
Accrued program awards	\$ 45.8	\$ 47.3	\$ 47.4	\$ 33.0	\$ 53.7
Accounts payable and accrued expenses	20.7	24.5	24.4	16.6	17.0
Total Liabilities	\$ 66.5	\$ 71.8	\$ 71.8	\$ 49.6	\$ 70.7
Net Assets⁴					
Annual Programs Fund	\$ 475.3	\$ 405.0	\$ 373.6	\$ 348.4	\$ 302.5
PolioPlus Fund	37.3	52.6	71.3	80.9	78.5
Permanent Fund	219.6	179.6	157.8	141.3	112.6
Temporarily Restricted Other	0.3	0.2	0.2	0.1	
Unrestricted Other	5.5				
Total Net Assets	\$ 738.0	\$ 637.4	\$ 602.9	\$ 570.7	\$ 493.6
TOTAL LIABILITIES AND NET ASSETS	\$ 804.5	\$ 709.2	\$ 674.7	\$ 620.3	\$ 564.3

Flow-Through Contributions

Matching Grants	\$ 14.5	\$ 13.6	\$ 10.1	\$ 6.7	\$ 9.6
PolioPlus Partners	1.6	1.2	1.2	0.7	
Other Restricted Contributions	0.2	0.5	0.2	0.4	0.2
TOTAL FLOW-THROUGH CONTRIBUTIONS	\$ 16.3	\$ 15.3	\$ 11.5	\$ 7.8	\$ 9.8

- 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.

THE ROTARY FOUNDATION TRUSTEES 2006-07



ALYCE HENSOAN / ROTARY IMAGES

First row (from left):

Jonathan B. Majiyagbe
Bhichai Rattakul, Chair-elect
Luis Vicente Giay, Chair
Glenn E. Estess, Sr.

Second row:

Ed Futa, General Secretary
Peter Bundgaard
Jayantilal K. Chande
Sakuji Tanaka
Michael W. Abdalla
Dong Kurn Lee

Third row:

K.R. Ravindran
Ron D. Burton
Mark Daniel Maloney, Vice Chair
Carolyn E. Jones
Rudolf Hörndler
Robert S. Scott



As a country representative for Peace Winds Japan, former Rotary World Peace Fellow Miho Kishitani (University of Bradford 2003-05), left, manages reconstruction programs in Iraq focusing on health, water and sanitation, education, and social care.



THE ROTARY FOUNDATION
OF ROTARY INTERNATIONAL

One Rotary Center
1560 Sherman Avenue
Evanston, IL 60201-3698 USA
www.rotary.org