



ANNUAL REPORT 2011-12

ROTARY INTERNATIONAL



THE ROTARY FOUNDATION

Rotarians and friends in Munich, Germany, raise funds for polio eradication and awareness of the disease through a 250-mile bike ride.





ROTARY INTERNATIONAL AND
THE ROTARY FOUNDATION

Annual Report 2011-12

MESSAGE FROM
THE PRESIDENT AND TRUSTEE CHAIR

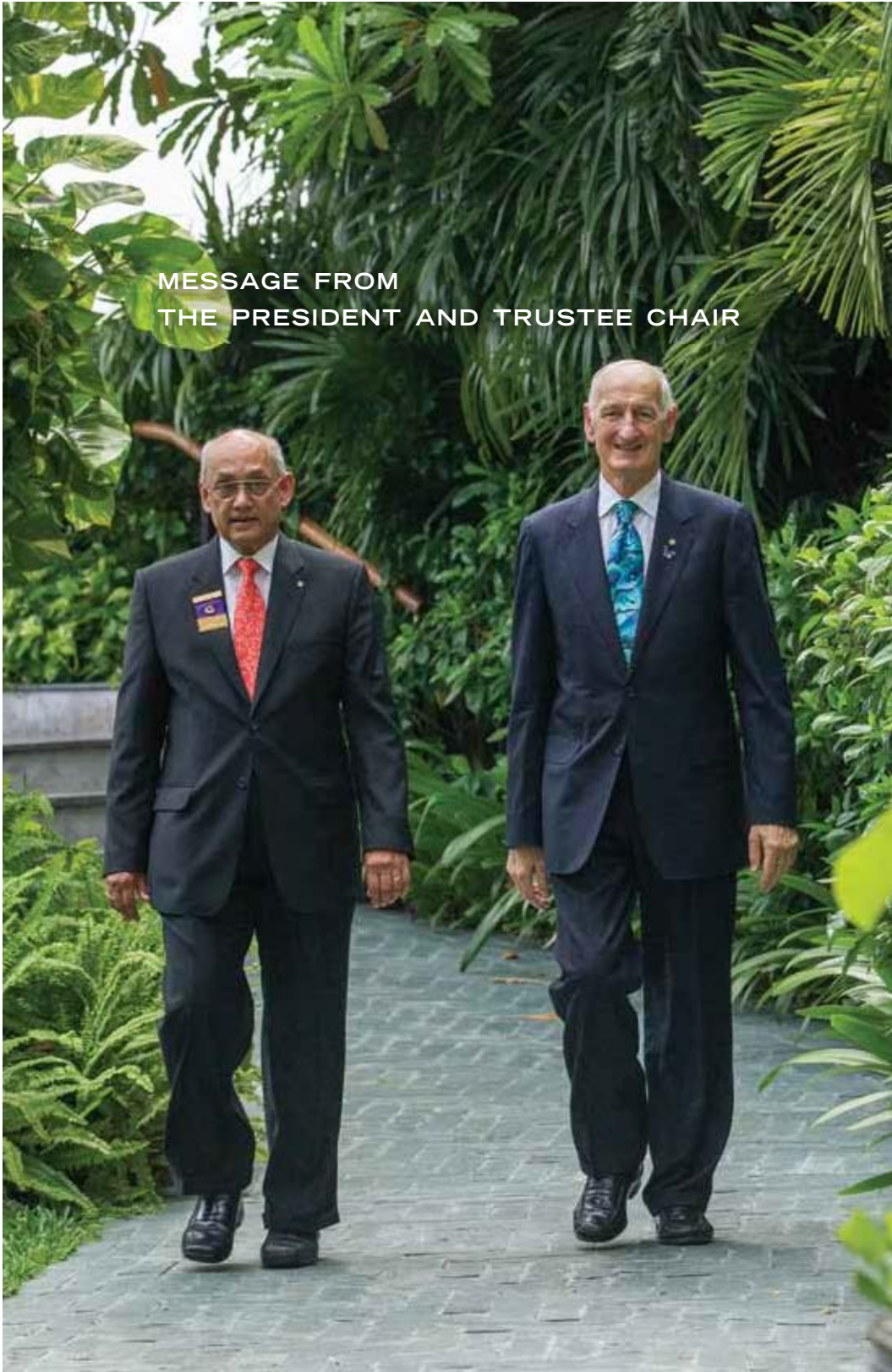


PHOTO BY ALYCE HENSON

A year of major accomplishments

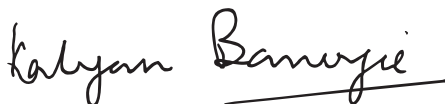
The 2011-12 Rotary year was a time of striving for change in the context of Rotary continuity. We challenged ourselves to *Reach Within to Embrace Humanity* — while Doing Good in the World. In this annual report, you will see just a few examples of the ways in which 1.2 million Rotarians worldwide worked to improve the lives of people in need.

Tremendous strides were made toward the eradication of polio. We made history on 13 January, when India marked one full year without a single new case of the disease. Long considered the toughest nut to crack, India has now been removed from the list of polio-endemic countries — leaving just Afghanistan, Nigeria, and Pakistan.

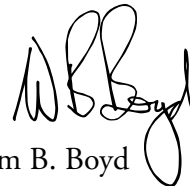
Also in January, we were able to announce that Rotary's US\$200 Million Challenge had been surpassed, six months ahead of schedule. On 30 June, the Challenge closed, having raised over \$228 million for polio eradication, thanks to the generosity of Rotarians and friends of Rotary around the world. We are confident that Rotary will continue to lead the way toward the momentous achievement of global polio eradication.

During 2011-12 we also looked to the future, through our new Future Vision grant model and the RI strategic plan. We expanded Rotary's reach in new and effective ways by entering into partnerships with Mercy Ships, UNESCO-IHE, ShelterBox, the Global FoodBanking Network, and Youth Service America. And we built on our record of humanitarian service by continuing our strong relationships with the Global Polio Eradication Initiative spearheading partners (the World Health Organization, the U.S. Centers for Disease Control and Prevention, and UNICEF) and the Bill & Melinda Gates Foundation; USAID; Aga Khan University; Oikocredit; Goodwill Industries International; Dolly Parton's Imagination Library; the International Reading Association; and the Rotary Peace Centers.

As we move forward into a new Rotary year of building *Peace Through Service*, we can be proud of all that Rotarians have accomplished — day by day, week by week, throughout the world, together.



Kalyan Banerjee
2011-12 President
Rotary International



William B. Boyd
2011-12 Trustee Chair
The Rotary Foundation

Rotary on the World Stage



PHOTO BY MONIKA LOZINSKA

Champions of Change at the White House

Ten U.S. Rotarians were honored as Champions of Change at the White House on 20 April for their exemplary local and international humanitarian work. At the daylong event in Washington, D.C., more than 160 Rotarians attended briefings by U.S. government officials on topics including maternal and child health, disease prevention, economic development, youth and education, water and sanitation, and peace-building.



Presidential meeting

RI President Kalyan Banerjee presents Afghan President Hamid Karzai with a medal in recognition of Karzai's support for polio eradication. Banerjee is the first RI president to visit Afghanistan. During their 45-minute meeting, the two discussed how lessons learned from India's success might be applied in Afghanistan.



PHOTO BY MCPL DANY VIELLETTE, RIDEAU HALL

A royal invitation

Rotaractor Andrea Tirone and Interactor Kiara Vallier were among 120 young adults who met with Prince William and Kate Middleton, the Duke and Duchess of Cambridge, in Ottawa, Canada. They were invited to meet the royal couple because of their dedication to humanitarian service.

2011-12 Membership

Rotary club members are men and women of all ages and professional backgrounds who use their talents, skills, and energy to improve the lives of people in communities at home and around the world. The 1.2 million men and women of Rotary also connect with other professionals and share their experience with youth and young professionals. Through the Rotary Community Corps, non-Rotarian volunteers get involved in service projects.



532 ROTARY DISTRICTS

34,533 ROTARY CLUBS

1,227,189 ROTARIANS

171,120 RCC PARTICIPANTS

7,440 ROTARY COMMUNITY CORPS

Rotarian Ayako "Aya" Taguchi of the Rotary Club of Morioka North, Japan, is one of many Rotarians who helped local communities in the wake of the 2011 tsunami. Here, she addresses schoolchildren in Otsuchi.

Rotarians by region of the world



North America and the Caribbean

379,425



Europe

323,817



North Asia
(including Japan and Korea)

151,670



Central and South America

101,365



Africa and
Southwest Asia

35,511



South and Southeast Asia
(including India)

172,006



Australia, Philippines,
and Pacific Realm

63,395

New Generations

Each year, Rotary connects thousands of young people to a global network of friendship, service, and action. As Rotaractors and Interactors, they make a difference in communities at home and abroad. Through Rotary Youth Exchange, they explore new cultures. Rotary Youth Leadership Awards participants learn skills that will help them succeed as future community leaders.

Each year, **500,000** young people participate in NEW GENERATIONS programs

ROTARACT

9,388 clubs

215,924 Rotaractors (ages 18-30)

INTERACT

14,734 clubs

338,836 Interactors (ages 12-18)

ROTARY YOUTH EXCHANGE

8,000 students from 80 countries (ages 14-19)

ROTARY YOUTH LEADERSHIP AWARDS

25,000 students and young adults



Andrea Tirone from the Rotaract Club of the University of Toronto, Canada, helps repaint a flood-damaged school during a preconvention service project near Bangkok, Thailand.

The Rotary Advantage

**ROTARY CLUB
OF MUYENGA
DISTRICT - 9200**



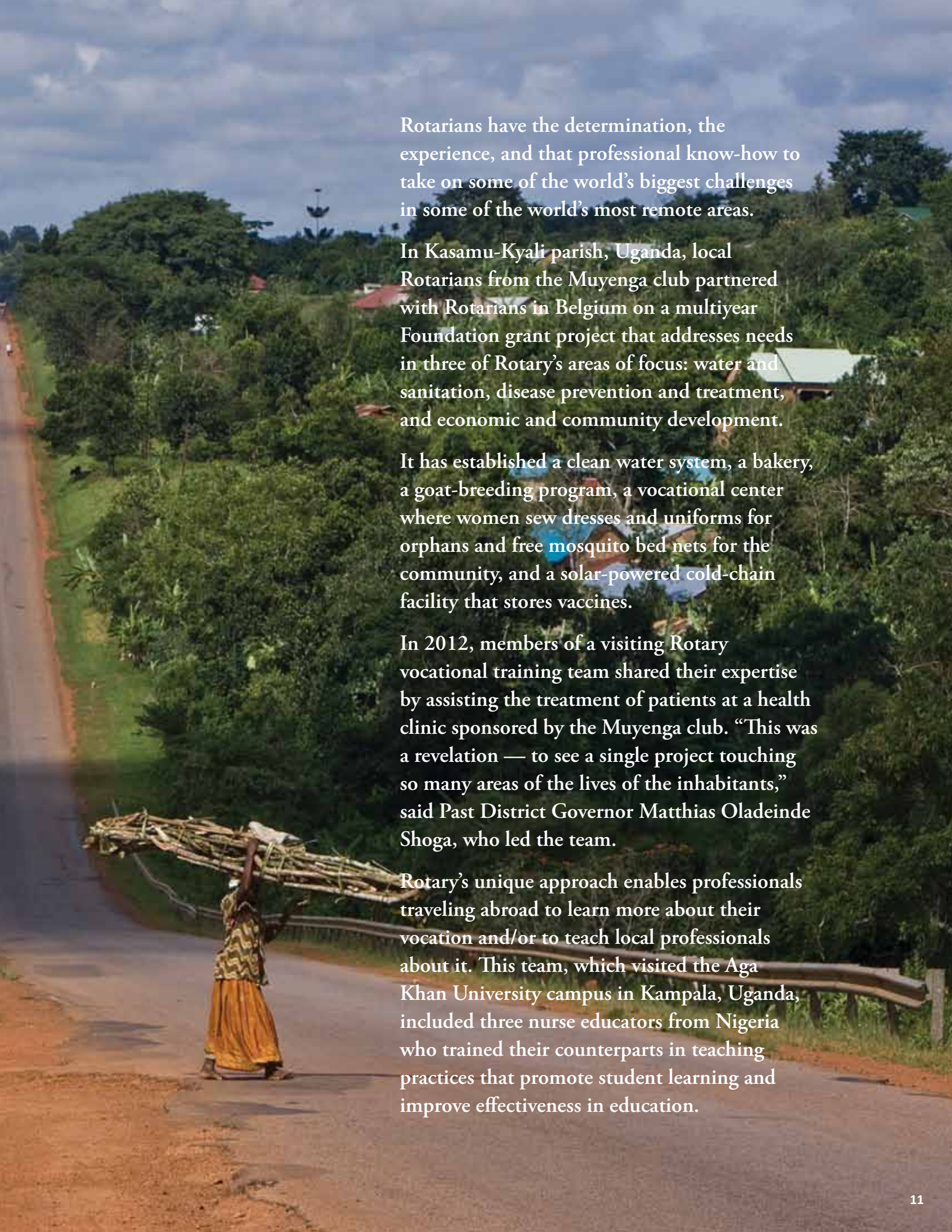
IN PROJECT -
KASAMU, KVALI
2006 - 2015
PROJECT

SPONSORED BY:
THE ROTARY CLUB OF
LUSAKA, NOKOYO, RELEKUM
LUSAKA, BULIOMBA

ROTARY AGAINST:
**MALARIA
HUNGER
POVERTY.**

JACHENGA, UGANDA
ROTARY INTERNATIONAL
LOCAL WELCOME TO
LUSAKA TEL: 0773-449428

**BUJIG
C/U
PR.SCH.**



Rotarians have the determination, the experience, and that professional know-how to take on some of the world's biggest challenges in some of the world's most remote areas.

In Kasamu-Kyali parish, Uganda, local Rotarians from the Muyenga club partnered with Rotarians in Belgium on a multiyear Foundation grant project that addresses needs in three of Rotary's areas of focus: water and sanitation, disease prevention and treatment, and economic and community development.

It has established a clean water system, a bakery, a goat-breeding program, a vocational center where women sew dresses and uniforms for orphans and free mosquito bed nets for the community, and a solar-powered cold-chain facility that stores vaccines.

In 2012, members of a visiting Rotary vocational training team shared their expertise by assisting the treatment of patients at a health clinic sponsored by the Muyenga club. "This was a revelation — to see a single project touching so many areas of the lives of the inhabitants," said Past District Governor Matthias Oladeinde Shoga, who led the team.

Rotary's unique approach enables professionals traveling abroad to learn more about their vocation and/or to teach local professionals about it. This team, which visited the Aga Khan University campus in Kampala, Uganda, included three nurse educators from Nigeria who trained their counterparts in teaching practices that promote student learning and improve effectiveness in education.



India is no longer polio endemic, but immunization against the disease must continue in all countries until the eradication of polio is certified worldwide.

A Rotarian from District 3700 (Korea) administers oral polio vaccine to a child at a health camp in Meerut, Uttar Pradesh, India, in November.

Key milestones met: India no longer polio endemic

Rotary has played a key role in the significant progress made by the Global Polio Eradication Initiative (GPEI), underscored in February when the World Health Organization (WHO) removed India from the list of polio-endemic countries. Only three countries remain: Afghanistan, Nigeria, and Pakistan.

“With the support of their Rotary brothers and sisters around the world, Indian Rotarians have worked diligently month after month, year after year, to help organize and carry out the National Immunization Days that reach millions of children with the oral polio vaccine,” says RI President Kalyan Banerjee.

“India is tantalizingly close to eradicating polio. Rotary International has committed to be the torchbearer until India and the world become polio free,” says Past RI President Rajendra K. Saboo. Polio eradication is certified on a regional basis; certification occurs when all countries in a region demonstrate the absence of wild poliovirus transmission for at least three consecutive years.

A Rotarian from the United States shares a moment with a child at a rally promoting polio eradication in Bhavanagar, Gujarat, India.



PHOTO BY NICKI SCOTT

Families in Delhi, India, bring their children to be vaccinated against polio during a National Immunization Day.

Rotarians meet the challenge

Rotarians around the world exceeded Rotary’s US\$200 Million Challenge, Rotary’s response to \$355 million in matching grants awarded by the Bill & Melinda Gates Foundation to The Rotary Foundation for polio eradication efforts. As of 30 June, Rotarians had raised over \$228 million.

“In recognition of Rotary’s great work, and to inspire Rotarians in the future, the [Gates] foundation is committing an additional \$50 million to extend our partnership,” said Jeff Raikes, chief executive officer of the Gates Foundation, speaking at Rotary’s International Assembly in January.

“Rotary started the global fight against polio, and continues to set the tone for private fundraising, grassroots engagement, and maintaining polio at the top of the agenda with key policymakers,” Raikes said.

The Rotary Foundation is distributing funds from the \$50 million Gates Foundation grant, which is not a challenge grant, to the most critical polio-affected countries, primarily through grants to the World Health Organization and UNICEF in direct support of polio immunization activities.

Emergency Action Plan launched

Despite the dramatic drop in polio cases worldwide, especially in nonendemic countries, the threat of continued transmission due to funding and immunization gaps prompted the launch of the Global Polio Emergency Action Plan 2012-13.

The plan builds on India’s success and aims to boost immunization coverage to make the remaining polio-endemic countries polio free. In support of the plan, WHO adopted a resolution in May that declared “the completion of polio eradication to be a programmatic emergency for global public health.”

Likewise, The Rotary Foundation Board of Trustees reaffirmed that polio eradication is the urgent priority of the Foundation and that continued support for PolioPlus is essential.

Advocacy stepped up

Rotary and its global partners in the GPEI — the World Health Organization, UNICEF, U.S. Centers for Disease Control and Prevention (CDC) — and the Bill & Melinda Gates Foundation are emphasizing the importance of advocating for national governments to fully fund the worldwide effort.

A petition drive carried out by Australian Rotarians and the Global Poverty Project, and the project’s End of Polio Concert in October, encouraged government leaders to put polio eradication on the agenda of the Commonwealth Heads of Government

Meeting in Perth. Following the meeting, the governments of Australia, Canada, and Nigeria, along with the Gates Foundation, announced a combined pledge of more than \$100 million to support polio eradication efforts. Canadian Rotarians also played a pivotal role in encouraging their government’s support for the cause.

“Rotary leaders continue to meet with the heads of state of key donor and polio-affected countries to ensure that polio eradication remains a top priority in every nation and that funding commitments to the program are met,” says Robert S. Scott, chair of Rotary’s International PolioPlus Committee.



Filmmaker Zorro Gamarnik, Robert Pennicott, of the Rotary Club of Kingston, Tasmania, Australia, and Mick Souter celebrate after completing the first-ever circumnavigation of Australia in boats powered by outboard motors. They raised \$250,000 for Rotary’s US\$200 Million Challenge for polio eradication.

Rotary on the World Stage

RI President-elect Sakuji Tanaka hears reassuring words from Prime Minister Yoshihiko Noda regarding Japan’s continued support of polio eradication, Rotary’s top priority.

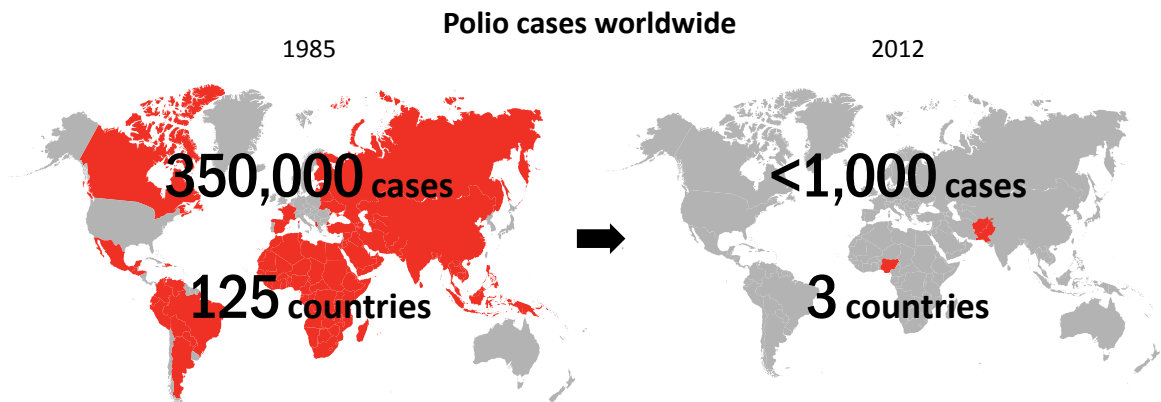
PHOTO BY NORIKO FUTAGAMI



Stopping the poliovirus in India

The All India End Polio Now Road Show, organized by District 3201 (parts of Kerala and Tamil Nadu), increased awareness of the disease in India, Nepal, and Bhutan. Starting in Kochi, Kerala, on 11 December,

a team of six Rotarians visited towns and villages in 24 states, meeting with government health officials along the way. Their journey covered an estimated 11,500 miles before ending in Coimbatore, Tamil Nadu, on 14 February.



Since Rotary began its PolioPlus program, the number of polio cases worldwide has declined by more than 99 percent, and the number of polio-endemic countries has dropped to three — Afghanistan, Nigeria, and Pakistan — the lowest in history.

**VOICES
OF ROTARY**



“As a Rotarian and a polio survivor, I celebrate how far we’ve come, and recognize the work that still lies ahead to make sure no child suffers from polio again.”

Urs Herzog, PolioPlus national advocacy adviser, Switzerland; past governor of District 1980.

An estimated two million people die every year from waterborne diseases, and more than one billion lack access to clean water.



Residents of Makoor, Kerala, India, show the effects of years of drinking and cooking with highly fluoridated water.



Clean water brings better health

The residents of Patari, a village in Uttar Pradesh, are among 25 million people in India who suffer the consequences of fluorosis, an irreversible condition caused by elevated levels of fluoride in drinking water. The painful effects of fluorosis can include bone deformities, calcification of ligaments and tendons, and osteosclerosis (abnormal bone density). Dental effects include mottling and erosion of tooth enamel.

“The fluoride, because of its strength, rots teeth and destroys bones,” says Maurice Halliday, past governor of District 1020 (Scotland), which worked with District 3110 (parts of Madhya Pradesh and Uttar Pradesh, India) to provide fluoride filters to 60 families in Patari through a Rotary Foundation grant-funded project.

The \$40,000 project also provided toilets, safe drinking water, and hygiene training to

eight schools serving about 2,300 students in Uttar Pradesh. WHO estimates that almost one-tenth of global disease could be prevented by improving the water supply, sanitation, hygiene, and the management of water resources. As the Indian villages demonstrate, the solution requires a targeted approach, including assessments of each community’s needs.



PHOTO BY ALLISON KWESELL

Rotary on the World Stage

Ghulam Nabi Azad (far right), India’s minister of health and family welfare, visits Rotary World Headquarters in Evanston, Illinois, USA, to discuss India’s progress toward polio eradication with Rotary leaders and staff, including International PolioPlus Committee Chair Robert S. Scott, RI President Kalyan Banerjee, and Rotary Foundation Trustee Chair William Boyd. “My country has benefited greatly from your support, and I thank all of you,” Azad says.




PHOTO BY ALYCE HENSON

VOICES OF ROTARY



“People throughout the village come to the well with their buckets and cups in hand. Everyone is silent as one of the elders starts pumping the handle. Cheers erupt when the water comes forth. Seeing the smiling faces of the men, women, and children makes all of the challenges worth it.”

Walter Hughes, member of the Rotary Club of Rocky Mount, Virginia, USA, and participant in an 80-club effort that is bringing clean water to villagers in Ghana.

About 29,000 children under the age of five – 21 each minute – die every day, mainly from preventable causes.

The Ukrainian Children's Cardiac Center, created by Rotarians from Ukraine, Australia, Canada, and the United States, provides surgery to children with congenital heart disease.



Boosting a child's chances

A maternal and child health complex is saving children's lives near Dar es Salaam, Tanzania. Inspired by 2008-09 RI President Dong Kurn Lee's emphasis on reducing child mortality, Rotarians in Korea and Tanzania worked together to establish the 55-bed facility, which opened at Tumbi Hospital in 2011. It includes a fully equipped surgical center, delivery rooms, and an X-ray room.

The hospital serves an area of more than one million people. Before the project began, the facility did not have a well-equipped maternity wing and mothers typically gave birth to their babies on dirty beds.

The project received funding from several sources, including about \$500,000 from Korean Rotarians, \$150,000 from Japanese Rotarians, two Rotary Foundation grants totaling \$190,000, and matching contributions from the Community Chest of Korea and Korea International

Cooperation Agency. Tanzanian Rotarians, led by Past Rotary Foundation Trustee Jayantilal Chande and Bill Bali, of the Rotary Club of Dar-es-Salaam North, monitored the project.

In May, the project provided two ambulances to augment the hospital's services.



Rotarians from Korea greet a mother and her child at the maternal and child health complex near Dar es Salaam, Tanzania. Korean Rotary clubs helped raise more than \$2 million for the project from several sources. Past RI President Dong Kurn Lee (far right) inspired the effort.

Rotary on the World Stage

Bill Gates, cochair of the Bill & Melinda Gates Foundation, joins dozens of Rotarians on Capitol Hill in Washington, D.C., on World Polio Day, 24 October, to affirm the joint commitment of the Gates Foundation and Rotary to eradicate the disease. Rotary's work as a spearheading partner of the Global Polio Eradication Initiative is creating a model for tackling other global health problems, such as malaria, measles, and lack of clean water.



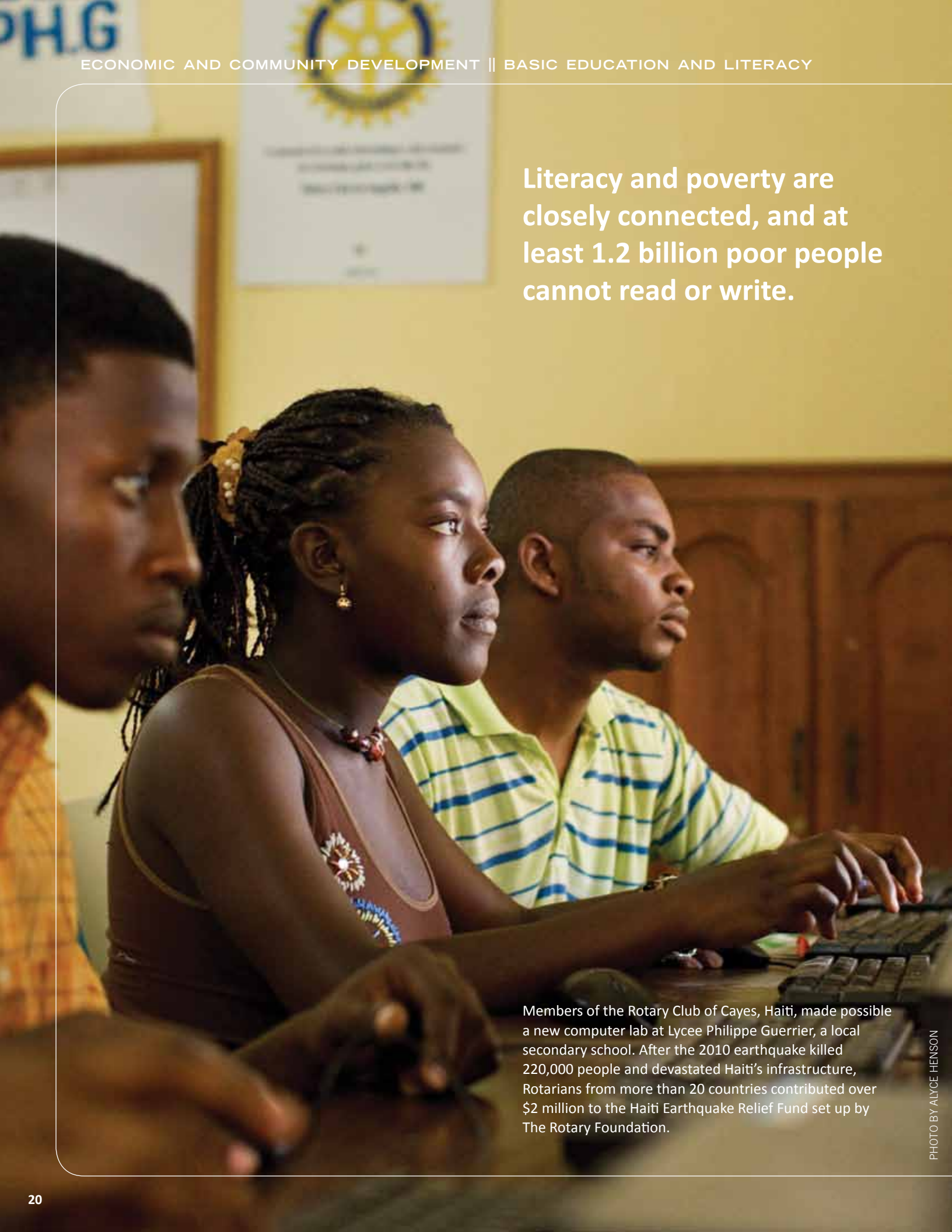
PHOTO BY ALLISON O'BRIEN

**VOICES
OF ROTARY**



“Our job is to accompany the local doctors and teach other physicians and nurses how to improve the quality of care they provide and, hopefully, have some sustainable impact.”

Dr. Alexandra Vinograd, pediatric specialist at a hospital in Butaro, Rwanda, that serves 400,000 people. Vinograd, an American, was a 2000-01 Rotary Ambassadorial Scholar in Peru and a Rotary Youth Exchange student in Germany.



Literacy and poverty are closely connected, and at least 1.2 billion poor people cannot read or write.

Members of the Rotary Club of Cayes, Haiti, made possible a new computer lab at Lycee Philippe Guerrier, a local secondary school. After the 2010 earthquake killed 220,000 people and devastated Haiti's infrastructure, Rotarians from more than 20 countries contributed over \$2 million to the Haiti Earthquake Relief Fund set up by The Rotary Foundation.



Investing in people

Nijad K. Al Atassi, past governor of District 2450 (parts of Africa, the Middle East, Cyprus, and Georgia) feels so strongly about vocational service, he made it a districtwide priority.

“Vocational service is important because it enhances values and faith in ethics,” says Al Atassi, a member of the Rotary Club of Adliya, Bahrain.

The Rotary Club of Alexandria Sporting, Egypt, rose to the challenge by focusing on microcredit loans, literacy classes, and a sewing workshop for low-income community members, especially women, to start businesses and learn work skills.

Club members made loans of about \$85 each to 20 entrepreneurs to launch small food or cleaning businesses. The loans were paid back in installments over the course of a year, and the money was then loaned out again — turning the club’s initial investment of about \$1,700 into a sustainable microcredit program.

Solar panels bring light to school

The head teacher of Canumay National High School in Valenzuela City, Philippines (below), used to hit a makeshift gong with a rock to mark the start and end of classes. Now, because of a Rotary Foundation grant-supported project, 10 solar panels are providing electricity, and classes begin at the sound of a buzzer. Mark Kendziorek, a member of the Rotary Club of South Everett/Mukilteo, Washington, USA, who took this photo, helped write the grant proposal, in partnership with the Rotary Club of Rizal Centro, Philippines.

Before the panels were installed, students had to study by the light of kerosene lamps. This image of the last time the gong was sounded, Kendziorek says, represents “a transition from the old to the new.”



PHOTO BY MARK KENDZIOREK

Rotary on the World Stage

Michel P. Jazzar, RI representative to the United Nations Economic and Social Commission for Western Asia, and **Richard S. Carson**, RI representative to the Organization of American States, confer between panel presentations during Rotary-UN Day in New York City.



PHOTO BY ALYCE HENSON

VOICES OF ROTARY



PHOTO BY TONY GIBSON

“If you can establish a modern, sustainable distribution and supply chain between small farmers and various food markets, governments will be more inclined to improve roads, power, and infrastructure.”

Australian Alex Dalley, Global Grant Rotary Scholar, MBA candidate at the Rotterdam School of Management in the Netherlands, and former adviser on private-sector development programs in the Democratic Republic of Timor-Leste.

It's estimated that more than 1 billion children under the age of 18 live in areas affected by conflict.

Ou Phana and her husband, Peach Saveum, were injured in land mine explosions in Cambodia, one of the most land mine-affected countries in the world. The Kien Khleang Rehabilitation Center, which spurred their recovery, received funding from the Rotary Club of Salisbury, Connecticut, USA, a Rotary Foundation grant, and district funds.

PHOTO BY ALYCE HENSON



Defender of children

World peace means more than ending wars: It also means safety for everyone, including society's most vulnerable members. Currently, some 22,000 children are reported missing worldwide every day, and 5,000 are victims of commercial sexual exploitation, according to the International Centre for Missing and Exploited Children in Virginia, USA.

At the agency's Brazil office, Rotary Peace Fellow alumna Katia de Mello Dantas is working to stop sexual abuse of children, including pornography, trafficking, and abduction. As policy director for Latin America and the Caribbean, she travels the region and helps to draft uniform laws and train law enforcement officers on how to collect evidence and file charges effectively. In the past year, she has focused on protecting children from sexual predators on the Internet.

Dantas is up to the challenge, thanks in part to Rotary. Her studies at the Rotary Peace Center at Duke University and University of North Carolina, Chapel Hill, in North Carolina, USA, were funded by the Paul F. and Carolyn C. Rizza Endowed Rotary Peace Fellowship. As a 2007-09 Rotary Peace

Fellow, Dantas completed fieldwork with the International Organization for Migration, where she researched the impact of cross-border movement on HIV/AIDS and other public health issues. She was also a member of a 2005-06 Group Study Exchange team from Brazil to the United States.

"Little by little I believe we can get to a point where all children of the world will be able to be just that: children. Not toys in the hands of adults, not mini-workers, not victims; just children, with their full array of rights guaranteed," says Dantas.



Rotary Peace Fellow alumna Katia de Mello Dantas takes part in a panel at a Caribbean regional meeting on protecting children from sexual exploitation. In 2011, Dantas was named one of the Top 99 Under 33 Foreign Policy Leaders by Young Professionals in Foreign Policy.

Rotary on the World Stage

Nobel Peace Prize laureate **Leymah Gbowee**, of Liberia, addresses Rotary Peace Fellows, Rotarians, and Rotary Foundation alumni at the Rotary World Peace Symposium in Bangkok, Thailand. In 2003, Gbowee mobilized women across religious and ethnic lines to bring an end to Liberia's long and bloody civil war.




PHOTO BY MONIKA LOZINSKA

VOICES OF ROTARY



“The pedigree of Rotary Peace Fellows is strong. Rotary can call on 10 years of Rotary Peace Fellows trained to promote conflict resolution.”

Al Jubitz, member of the Rotary Club of Portland, Oregon, USA, Arch C. Klumph Society member, and Rotary Peace Centers supporter.

Through generous contributions, Rotary funds sustainable projects that help address the world's greatest needs.



Rotary Foundation Arch C. Klumph Society member Rajashree Birla gives an address at Rotary's 2012 convention in Bangkok, Thailand.

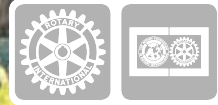


PHOTO BY JEAN-MARC GIBOUX

Rajashree Birla gives another \$1 million to Rotary's polio eradication efforts

India's Rajashree Birla is a staunch supporter of Rotary's efforts to achieve a polio-free world. At the 2012 RI Convention in Bangkok, Thailand, she announced an additional \$1 million contribution to The Rotary Foundation for polio eradication. Including this gift, her contributions to the Foundation's campaign total more than \$6.2 million.

Birla's late husband, Aditya, made the Aditya Birla Group into a Fortune 500 company and one of the largest in India. Her son, Kumar Mangalam, is chairman of the board, and she serves as a director.

"She is magnanimity, dignity, compassion, humility, and tranquility personified," said

RI President Kalyan Banerjee of Birla, who is an honorary member of the Rotary clubs of Bombay and Mulund. "It is not just the additional \$1 million she gave for polio eradication but the grace and absolute commitment she reflects that we admire and respect her for."

Birla said, "Based on the success of Rotary International's initiatives in India — coupled, of course, with the admirable backing of the government's health departments and institutions like WHO, UNICEF, CDC, and the Gates Foundation — the day is not far off for us to envisage the elimination of polio in the other three countries where unfortunately its traces remain. We owe it to ourselves and to humanity at large to ensure that, in these three countries as well, polio becomes an affliction of the past."

VOICES OF ROTARY



PHOTO BY ALYCE HENSON

There were 72 new members inducted into The Rotary Foundation's Arch C. Klumph Society in 2011-12, with special ceremonies marking Taiwan Day, India Day, and Korea Day (left). The society honors those who give at least \$250,000 to the Foundation.

“The Foundation accepts the responsibility to use these gifts to do good in the world.”

William B. Boyd, Foundation Trustee Chair.

Grassroots support makes The Rotary Foundation possible

Over 70 percent of Lima’s drinking water comes from the Rimac River, which is polluted with high levels of cadmium, copper, lead, zinc, and arsenic.

The Rotary Foundation and its partners supplied concrete water filters to 5,000 families living in low-income communities along the river. Local women train other families to use the filters. “They are not just giving us a concrete box. They are giving us health and a better quality of life for our children,” said one local beneficiary, noting that sickness among local children decreased significantly after the concrete filters were installed.

The Annual Fund is the primary source of funding for Foundation activities. The Annual Fund’s unique three-year investment cycle gives clubs time to plan high-impact, sustainable activities and the Foundation time to invest the contributions. These investment earnings help cover the Foundation’s administrative and fundraising expenses.



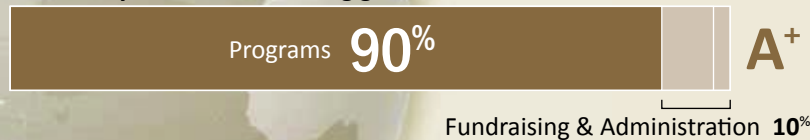
PHOTO BY ALYCE HENSON

In Lima, Peru, where nearly 8 million people lack access to clean drinking water, Rotarians worked together to improve the water supply with support from a Rotary Foundation grant. *Every Rotarian* is encouraged to participate in a Foundation project and contribute to the Annual Fund *every year*. Contributions help Rotarians carry out a broad range of local and international projects that do good in the world.

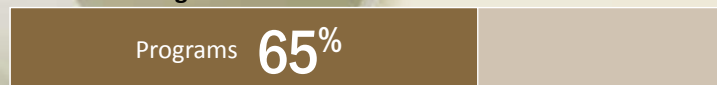
Rotary on the World Stage

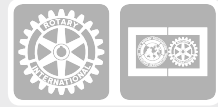
Rotary’s ranking In 2012, The Rotary Foundation earned a grade of A+ from the American Institute of Philanthropy, a top rating of four stars from Charity Navigator, and full accreditation from the Wise Giving Alliance of the Better Business Bureau, based on the previous year’s results. In fiscal 2012, only 2 percent of Foundation expenditures went to administrative expenses and 8 percent to fundraising. The Foundation directed 90 percent of its spending to programs, far exceeding the benchmark of 65 percent that independent charity-rating services view as a measure of high efficiency.

The Rotary Foundation funding goes to...

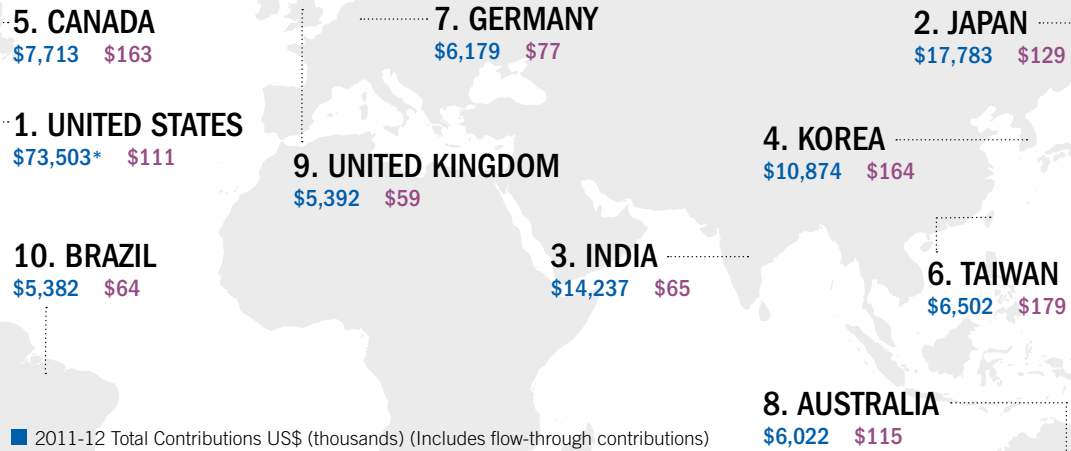


The Wise Giving Alliance benchmark





10 Top Annual Giving Countries and Geographical Areas



■ 2011-12 Total Contributions US\$ (thousands) (Includes flow-through contributions)

■ 2011-12 Annual Giving per Rotarian US\$

* Excludes \$10.0 million grant for polio eradication received from the Bill & Melinda Gates Foundation, a U.S. organization.

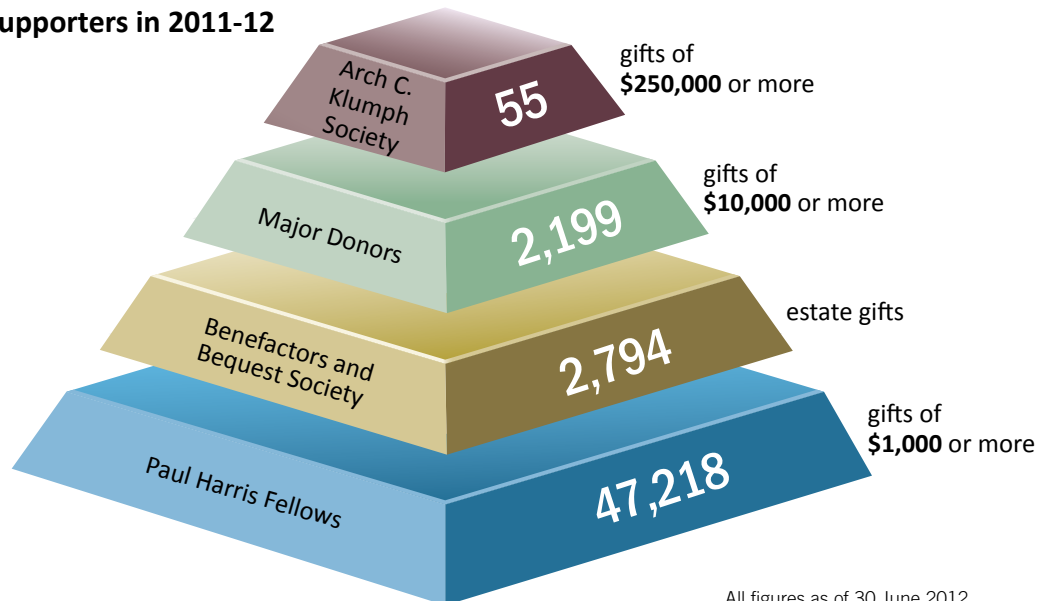
New inductees of the Arch C. Klumph Society

Albert and Virginia Alley Sudhansu and Mina Bhattacharyya Al and Ruth Braswell Jr.+ Patrick W. and Janet R. Carlton Henry Hsi-Shih Chang and Jolly Li-Yueh Ku Rubber Ying-Chuan Chang and Kiko Pi-Yun Lin Paul Chung-Ho Chen and Yun-Li Wang Matt Ming-Hung Chen and Susan Hu Computer Chiu-Lin and Jasmine Chiu Byong Seol Choi and A Jong Lee Deviprasad Gangabux Goenka and Hivdevi Deviprasad Goenka Seung Ryong Han and Hee Jong You R. Lee and Judith A. Harman James R. and Janice E. Heinrich Lawrence W. and Linda R. Jubie J.B. and Marlene Kamdar Habil F. and Nafisa Khorakiwala Steven and Iris Laine Angela Ming-Chu Lu Lee and Steve Chen Tai Lee Dong Kurn Lee and Young Ja Chung May Chin-Mei Lu John H. and A. Rose Moon Sr. Dato' Ng Kim-Poh Amko and Lucille Huang Allen D. and Patsy M. Orr Young Koo Park and Eun Hwa Chang Terry N. and Anne P. Phillips Chuck and Yolanda Reinhart Frank H. and Judith H. Rothermel Hiroshi and Suma Shimuta Rajju and Sandra Shroff Surya* and Foram Varsani Hong-Joo Yoon and Kyung Hee Lee Kyun Kim and Hye Suk Jeong Eung Jong Yoo and Hee Sook Chung In Chul Park and Hai Soon Bae Sang Koo Yun and Eun Sun Yang Yong Keuk Shin

This list includes only those who were inducted into the Arch C. Klumph Society between 1 July 2011 and 30 June 2012.

+ Deceased

New supporters in 2011-12



All figures as of 30 June 2012.

Our finances

Rotarians and friends of Rotary support The Rotary Foundation, which in turn enables Rotarians to do more good in the world.





What Rotary International received

RI received a total of \$82.7 million in revenues for the fiscal year through membership dues, RI services, and investments. Revenues were \$9.8 million less than budgeted and \$23.2 million less than the previous year, primarily as a result of unrealized losses in the market values of RI's investments due to continued volatility in the global financial markets.

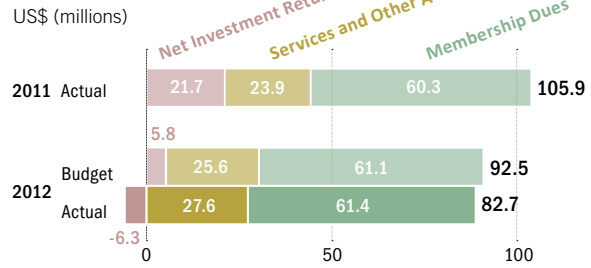
Explanation of variances

Dues revenue was \$61.4 million, which was as planned in the budget. RI's investment losses were \$6.3 million, which was \$12.1 million unfavorable to the budget. The General Fund portfolio was down 4.0 percent for the fiscal year, driven principally by unrealized losses. Revenues from services and other activities were \$27.6 million, which was \$2.0 million greater than budgeted. Compared to fiscal 2011, revenues were lower, mainly due to a \$28.0 million swing in investment returns. Also, services and other activities increased by \$3.7 million, primarily as a result of the financial incentive related to the International Convention in Bangkok, Thailand. Finally, dues revenue increased by \$1.1 million because of a \$1 increase in Rotary's per capita dues.

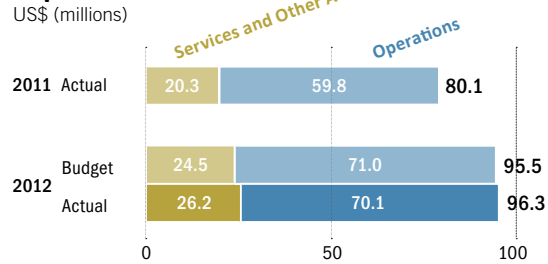
What Rotary International spent

RI's total expenses were \$96.3 million, \$0.8 million greater than budgeted and \$16.2 million greater than the previous year. The operational expenses were spent as planned in fiscal 2012, including spending from the General Surplus Fund on strategic initiatives relating to public relations and strengthening Rotary's brand. Expenses from services and other activities were \$26.2 million, which was \$1.7 million higher than budgeted. The Bangkok Convention had 33,104 attendees, compared to the budget for 25,000 registrants. As a result, revenue and expenses increased proportionately.

Revenues



Expenses



Services and Other Activities

Revenues	US\$ (millions)	Expenses
10.7	International Convention	10.7
6.6	Magazine	5.3
5.2	One Rotary Center	7.0
1.1	U.S. Clubs Insurance	1.1
0.9	Publications and Supplies	1.3
3.1	License Fees, Royalties, and Other Income	
	Foundation Contribution and Miscellaneous	0.8

Operations

US\$ (millions)	Expenses
	Communications and Public Relations
14.2	
	District Governors
9.7	
	Information Services
8.8	
	International Offices
7.1	
	Directors, Officers, and Committees
6.4	
	World Headquarters Administration
5.8	
	Financial Services
5.4	
	International Assembly
5.3	
	Member Services
4.2	
	Programs and Meetings
3.2	



Presidents' expenses

RI paid expenses of \$794,000, \$473,000, and \$135,000 to and on behalf of the RI president, president-elect, and president nominee, respectively. Those included travel (airfare, hotel, and meals), RI theme, public relations, housing, and moving costs. RI paid \$583,000 to operate the presidents' offices.

Board of Directors' expenses

RI paid \$686,000 on behalf of the Board of Directors. This amount includes travel to attend Board meetings, the RI Convention, and the International Assembly, as well as other travel to clubs, presidential conferences, and Rotary institutes.

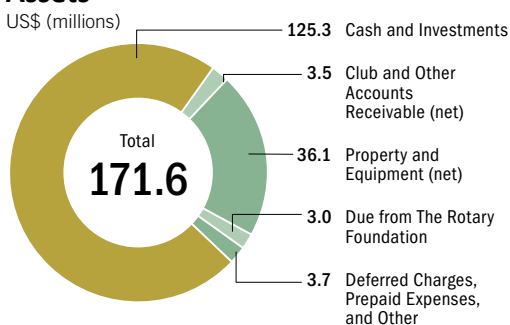
Rotary International's financial position

RI's net assets decreased by \$24.1 million as a result of expenditures exceeding revenues by \$13.6 million and a \$10.5 million charge to record RI's increased pension obligation over the previous year.

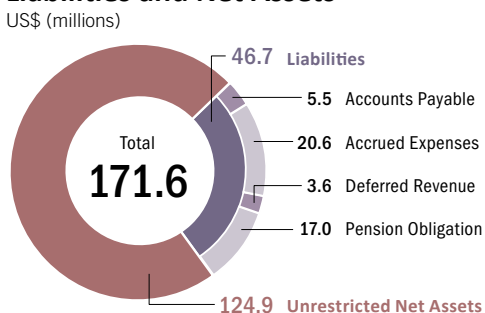
Recent trends

In fiscal 2003, RI's expenses exceeded revenues, primarily due to a difficult investment climate. From fiscal 2004 through 2007, revenues exceeded expenses and net assets grew as a result of improved investment earnings, an increase in membership dues, and controlled spending. From fiscal 2008 through 2009, expenses exceeded revenues, primarily due to a difficult and volatile investment climate. From fiscal 2010 through 2011, revenues exceeded expenses because of improved investment earnings, stable membership and dues revenue, and various cost savings initiatives.

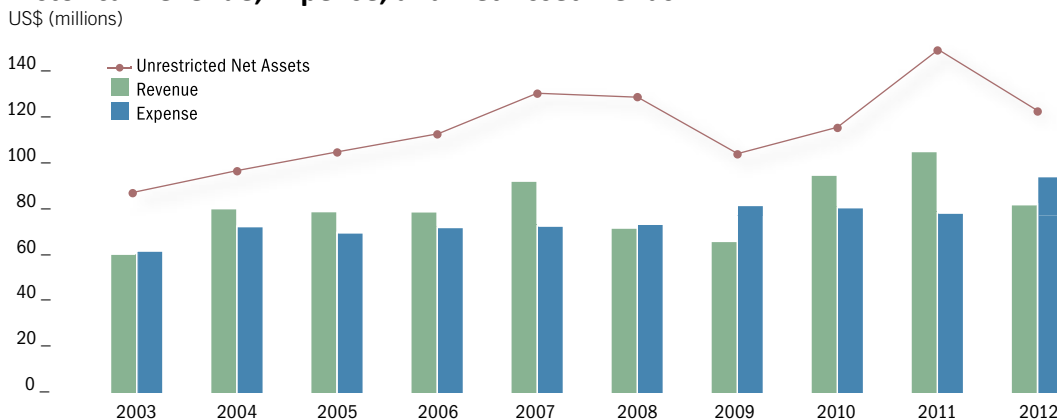
Assets



Liabilities and Net Assets



Historical Revenue, Expense, and Net Asset Trends





Investments

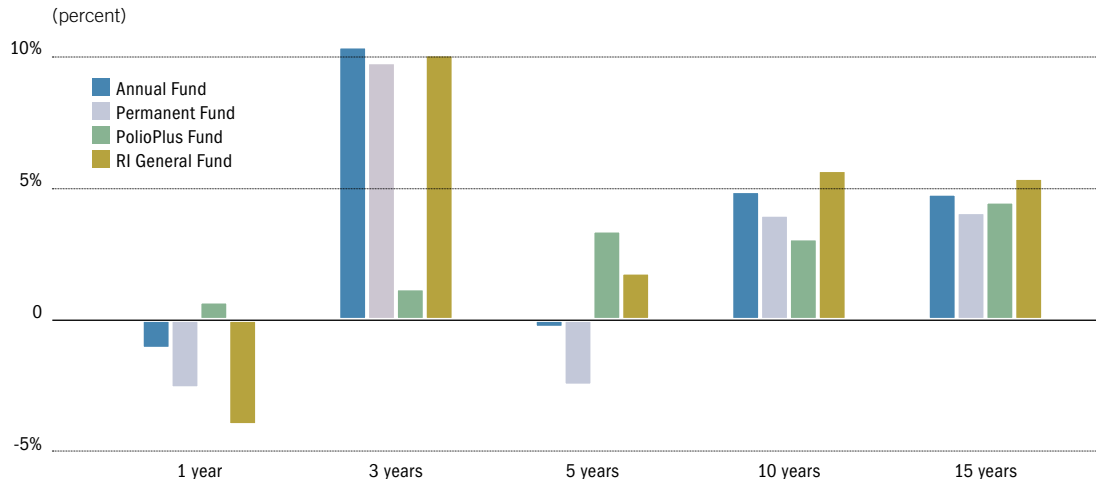
Financial markets were volatile during fiscal 2012, with U.S. stocks finishing up 4.0 percent, non-U.S. stocks down 14.6 percent, and bonds up 7.5 percent. The Rotary Foundation’s net investment loss was \$15.1 million, of which \$8.0 million was due to losses related to translating global bank balances from local currencies to U.S. dollars. Rotary International’s net investment loss for the same period was \$6.3 million, of which \$2.3 million was attributable to currency translation losses. The currency translation losses do not represent realized losses to the organization, as funds in global bank accounts are held to pay for programs and other expenses in those countries’ currencies.

During fiscal 2010 and 2011, the Foundation was able to build a \$50.0 million operating reserve by using investment earnings in excess of those required to pay for Foundation operations. Because of a shortfall in investment earnings in fiscal 2012, \$20.9 million of this reserve was used to pay for the Foundation’s operating expenses. The Foundation’s operating reserve at the end of the fiscal year was \$29.1 million.

RI budgeted \$5.6 million in investment earnings for fiscal 2012. The loss of \$4.3 million from the investment fund resulted in an unfavorable variance of \$10.0 million. To cover this shortfall, \$10.0 million was used from RI’s \$12.0 million investment earnings reserve. Rotary’s reserve policies allowed both the Foundation and RI to operate normally during the fiscal year, thereby avoiding reductions in program spending.

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

Annualized Investment Returns





What the Foundation received

Contributions

Rotarians continued to support The Rotary Foundation with increased contributions over the previous year. The Annual Fund received contributions of \$110.1 million on top of another year of strong support to Rotary’s US\$200 Million Challenge. Thirty-six countries and geographical areas exceeded the Every Rotarian, Every Year initiative’s worldwide \$100 per capita goal. Permanent Fund contributions of \$18.1 million increased 11 percent from \$16.3 million in fiscal 2011. PolioPlus received \$45.0 million in contributions to support the Global Polio Eradication Initiative, which includes \$10.0 million from the Gates Foundation.

What the Foundation spent

Program spending

Program spending increased by \$35.4 million over the previous year, primarily due to an increase in PolioPlus program awards of \$27.2 million. Spending on global and district grants totaled \$19.5 million in the second year of the Future Vision pilot program. Total program spending for fiscal 2012 was \$204.0 million, which included \$105.0 million in the PolioPlus program, \$19.5 million on global and district grants, \$55.2 million on humanitarian programs, \$22.2 million on educational programs, and \$2.1 million on other programs.

Fund development expenses were \$18.3 million for fiscal 2012. These expenses included personnel, services, communications, publications, public relations, supplies, computer support, legal counsel, and recognition items involved in raising contributions and acknowledging donors.

General administration expenses were \$5.1 million for fiscal 2012. These expenses included personnel, services, communications, computer support, supplies, legal counsel, audit fees, and services to the Trustees (administrative support, cost of meetings, travel) to manage the Foundation’s assets. General administration expenses included travel-related expenses (airfare, hotel, and meals) of \$1.0 million for the Trustees. These travel expenses are incurred to promote the Foundation’s programs, to raise contributions and awareness for the Foundation, and to attend the International Assembly, RI Convention, Trustees meetings, and Rotary institutes.

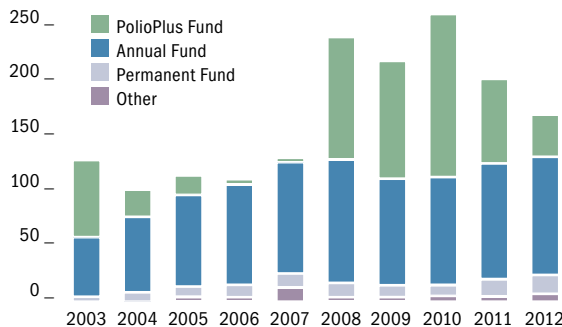
Over the past 10 years, 88 percent of the Foundation’s total spending was for programs, which compares favorably with the minimum industry standard of 65 percent.

Foundation net assets

The Foundation’s net assets decreased by \$61.1 million primarily due to negative net investment returns and planned utilization of net assets on programs and projects.

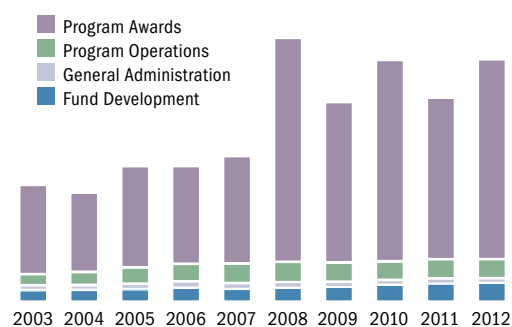
Contributions

US\$ (millions)



Program Spending

US\$ (millions)



The Rotary Foundation of Rotary International Fiscal Year Financial Results

US\$ (millions)

	2011-12	2010-11	2009-10	2008-09	2007-08
REVENUES					
Contributions¹					
Annual Fund	\$ 110.1	\$ 107.7	\$ 100.4	\$ 99.3	\$ 114.8
Permanent Fund	18.1	16.3	10.5	11.6	13.9
PolioPlus Fund	45.0	78.9	151.6	109.7	114.1
Disaster Recovery/Term Gifts	5.2	4.1	2.4	1.1	0.5
Donor Advised Fund	2.7	1.5	3.6	2.1	2.4
Total Contributions	181.1	208.5	268.5	223.8	245.7
Investment Income and Other Activities					
Annual Fund	(10.8)	74.4	36.9	(106.2)	(30.4)
Permanent Fund	(4.7)	43.1	15.2	(59.3)	(18.5)
PolioPlus Fund	0.8	1.2	1.8	2.1	4.7
Other Activities	(0.1)	0.8	0.4	(0.5)	(0.1)
Total Investment (Loss) Income and Other Activities	(14.8)	119.5	54.3	(163.9)	(44.3)
TOTAL REVENUES	\$ 166.3	\$ 328.0	\$ 322.8	\$ 59.9	\$ 201.4
PROGRAM AWARDS, OPERATIONS, AND EXPENSES					
Program Awards					
Humanitarian Grants Program	\$ 48.4	\$ 40.5	\$ 44.2	\$ 38.2	\$ 56.7
Educational Programs	16.9	16.6	23.5	22.0	23.4
PolioPlus Program	102.8	75.6	118.1	87.8	126.7
Global Grants	10.6	9.3			
District Grants	5.1	6.1			
Other Programs	1.9	2.1	1.2	1.0	1.2
Total Program Awards	185.7	150.2	187.0	149.0	208.0
Program Operations					
Humanitarian Grants Program	6.8	6.9	7.5	9.4	10.2
Educational Programs	5.3	5.2	5.9	6.6	7.1
PolioPlus Program	2.2	2.3	2.1	2.2	2.1
Global Grants	3.8	3.5			
District Grants	-	0.2			
Other Programs	0.2	0.3	2.4	0.4	0.1
Total Program Operations	18.3	18.4	17.9	18.6	19.5
Total Program Awards and Operations	204.0	168.6	204.9	167.6	227.5
Operating Expenses					
Fund Development	18.3	17.5	16.5	14.5	13.6
General Administration	5.1	5.7	5.2	5.7	6.3
Total Operating Expenses	23.4	23.2	21.7	20.2	19.9
TOTAL PROGRAM AWARDS, OPERATIONS, AND EXPENSES	\$ 227.4	\$ 191.8	\$ 226.6	\$ 187.8	\$ 247.4
Pension-related changes²					
	-	1.3	(0.6)	(1.9)	(0.3)
(DECREASE) INCREASE IN FOUNDATION NET ASSETS	\$ (61.1)	\$ 137.5	\$ 95.6	\$ (129.8)	\$ (46.3)



	2011-12	2010-11	2009-10	2008-09	2007-08
ROTARY FOUNDATION ASSETS					
Cash, Pledges, and Other Assets	\$ 57.5	\$ 59.5	\$ 59.9	\$ 43.2	\$ 42.8
Investments					
Invested Cash and Short-Term Investments	38.7	38.0	16.3	19.7	16.7
Fixed Income	194.3	285.4	268.6	226.3	234.2
Equity	203.8	271.5	283.2	261.2	383.6
Global Asset Allocation	104.8	15.8			
Alternative Investments	186.1	153.5	78.9	81.0	124.2
Split-Interest Agreements	28.5	28.8	24.4	22.8	27.3
Total Investments	756.2	793.0	671.4	611.0	786.0
TOTAL ASSETS	\$ 813.7	\$ 852.5	\$ 731.3	\$ 654.2	\$ 828.8

ROTARY FOUNDATION LIABILITIES AND NET ASSETS

Liabilities					
Accrued Program Awards	\$ 57.2	\$ 37.3	\$ 51.5	\$ 72.5	\$ 115.7
Accounts Payable and Accrued Expenses	22.6	20.2	22.3	19.8	21.4
Total Liabilities	79.8	57.5	73.8	92.3	137.1
Net Assets³					
Annual Fund	373.1	397.9	329.1	310.1	434.3
PolioPlus Fund	99.1	140.5	130.0	77.4	42.7
Permanent Fund	248.5	241.5	187.2	168.0	207.9
Disaster Recovery/Term Gifts	4.1	6.1	2.1	0.3	0.7
Donor Advised Fund	9.1	9.0	9.1	6.1	6.1
Total Net Assets	733.9	795.0	657.5	561.9	691.7
TOTAL LIABILITIES AND NET ASSETS	\$ 813.7	\$ 852.5	\$ 731.3	\$ 654.2	\$ 828.8

Flow-Through Funds Received

Matching Grants	\$ 11.6	\$ 11.2	\$ 16.1	\$ 15.1	\$ 18.5
Global Grants	2.2	1.9			
PolioPlus Partners	-				4.4
Other	-	0.2	0.5	0.5	0.7
TOTAL FLOW-THROUGH FUNDS RECEIVED	\$ 13.8	\$ 13.3	\$ 16.6	\$ 15.6	\$ 23.6

- 1 Flow-through funds are not included. These funds pass through the Foundation for donor recognition but are not reported as contributions in the financial statements in accordance with U.S. accounting standards.
- 2 U.S. accounting standards require pension-related changes to be made when the fair value of retirement plan assets is not equal to the plan's projected benefit obligation. Prior to fiscal 2012, Rotary International allocated the effect of ASC 715 to The Rotary Foundation, based on the Foundation's proportionate share of payroll expenses.
- 3 Net assets are the difference between a company's total assets and its liabilities.

THE MISSION OF ROTARY

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

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**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.

Frere Hall in Karachi, Pakistan, is illuminated with an
End Polio Now message.

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On the cover

Children gather in the street after receiving polio immunizations in India.

PHOTO BY RAJESH SINGH



ROTARY INTERNATIONAL®
THE ROTARY FOUNDATION

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