

RI TREASURER’S REPORT TO THE CONVENTION

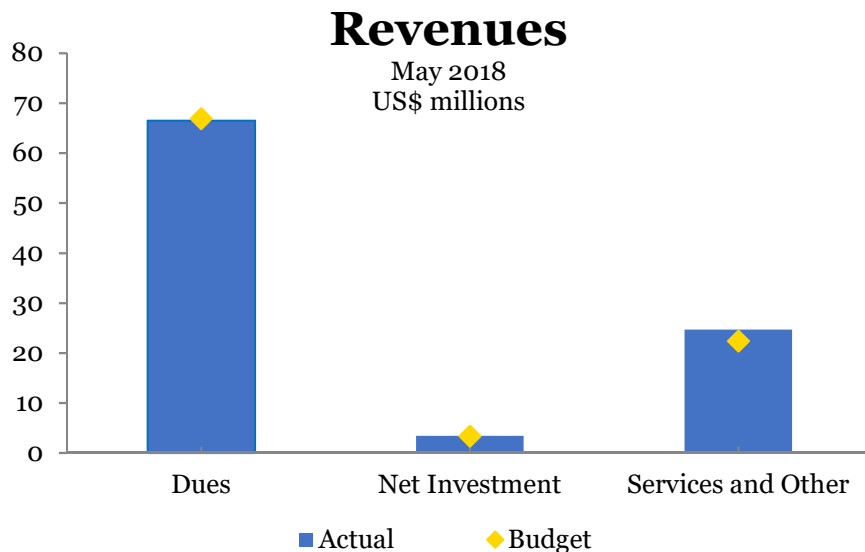
Toronto
June 2018

Dear Rotarian,

I would like to thank you for the opportunity to serve as Rotary International’s Treasurer for Rotary’s 2017-18 year. It is my duty under our bylaws to provide you with a report on our organization’s finances.

This report includes financial results for the 11 months ended 31 May 2018 and compares actual results to budget. Note that all values are in U.S. dollars (millions).

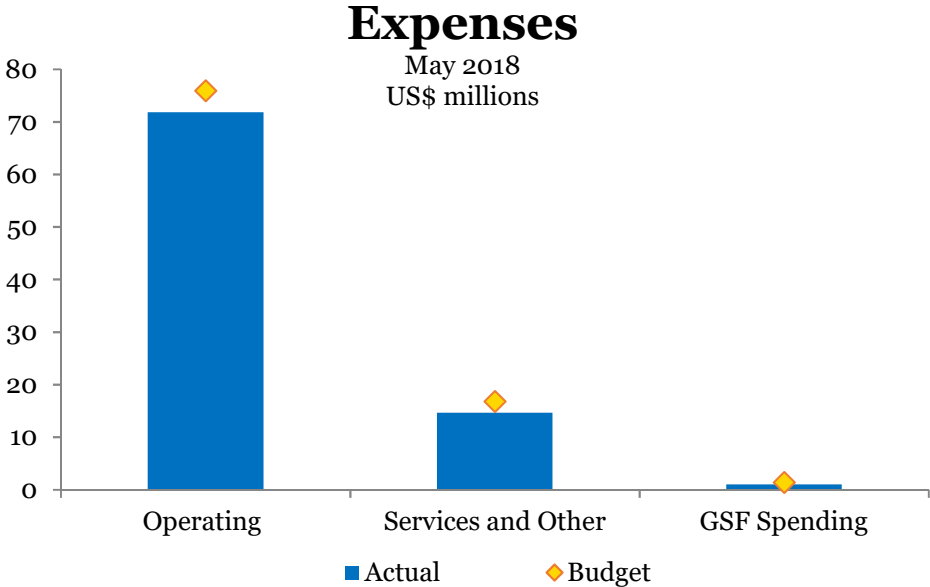
RI financial performance for the 11 months through May 2018



For the 11 months ended 31 May, dues revenue was \$66.9 million and is forecast to reach \$73.6 million by 30 June, which is on target with the budget. Membership levels fluctuate through the year but our average paid membership for the year is approximately 1,204,000 members.

This year, global financial markets were strong in the first half of the fiscal year, with some volatility in the second half. Net investment returns are \$3.4 million year-to-date, compared with the full-year budget of \$3.6 million or a 4 percent return.

The final element of Rotary International’s revenue is generated from services and other activities, which are largely self-funding. For example, registration revenue for the convention covers the expenses of running the convention. This year we exceeded our expected convention attendance by nearly 43 percent. This has resulted in significantly higher revenues than expected.



RI’s operating expenses for the 11 months ended 31 May 2018 are \$71.8 million, which is \$4.1 million less than budgeted. Some of this favorability, approximately 2.7 million, is forecast to be permanent savings for the year. Part of this is due to activities deferred to the next fiscal year, (such as communications relating to eradication of polio), and some of the favorability is related to completing tasks at a lower cost than budgeted. We are constantly looking for ways to reduce costs by implementing more efficient processes, by eliminating activities, or by implementing more cost-effective methods (such as moving paper-based communications to digital, and holding many meetings online instead of in person).

Expenses related to services and other activities are lower than expected through May, mainly due to the timing of convention expenses and real efficiency savings related to the magazine and other publications. However, the forecast for the full year is for expenses to exceed budget due to the higher registration at the Toronto convention than budgeted.

RI reserves are healthy and sufficient to protect the organization from unpredictable situations.

Update on The Rotary Foundation

The Foundation set a comprehensive fundraising goal of \$360 million by 30 June. I am happy to say that we are on track to meet that target. In addition, The Rotary Foundation's net investment returns of \$56.3 million through May are \$22.6 million higher than budgeted.

The Rotary Foundation had program expenses of \$237 million through May, including \$107 million for PolioPlus. We thank our donors and members who carry out these projects for this important investment in communities all around the world.

Outlook and conclusion

As I conclude my year as Rotary International's treasurer, I look back fondly at all that has been accomplished. Not only will we conclude 2017-18 in strong financial terms, but Rotary International and The Rotary Foundation are in a good position to invest in our future.

At the Council on Legislation in 2016, delegates approved a \$4 dues increase each year for three years beginning in 2017-18. We are coming to the end of the first year of these additional dues and have delivered many valuable projects to Rotarians. You have already begun to see the results of these investments through the improvements in My Rotary and Rotary Club Central. These increases will continue to be invested to strengthen the future of Rotary.

Through your additional dues, we can fund what Rotarians have requested, develop membership initiatives to engage and retain members, build tools to communicate with future generations of Rotarians, and update systems to ensure we are globally compliant in the countries where we operate. Rotary is well placed to remain the world's foremost membership and service organization and to continue to drive service to its members.

Finally, I would like to thank my fellow Rotary Board members, the Finance Committees, and the Secretariat for their support. I have the greatest respect for my successor, RI Director Peter Iblher. I am confident that he will serve Rotary well as treasurer throughout fiscal 2019.

Mikael Ahlberg
2017-18 RI Treasurer