RI TREASURER’S REPORT TO THE CONVENTION

São Paolo, Brazil
June 2015

I would like to thank you for the opportunity to serve as Rotary International’s treasurer for Rotary’s 2014-15 year. It is my duty, according to our bylaws, to provide you with a report on our organization’s finances. All figures are presented in U.S. dollars.

RI’S FISCAL 2015 FINANCIAL PERFORMANCE — MARCH YEAR-TO-DATE

Rotary International has three primary sources of revenue — dues, investment income, and services and other. RI’s total revenue for the nine months ended 31 March 2015 was below its budget by $15 million, primarily due to investment losses incurred during the period and currency translation adjustments due to strengthening of the U.S. dollar. Additionally, our convention registration revenue was below its budget through March.

Offsetting this performance, our membership dues revenues are higher than the budget by nearly $400,000, mainly due to slightly higher membership than what was budgeted and the positive impact of the change in club invoicing.

Membership

Our membership stood at 1,228,268 as of 31 March 2015, a strong rebound from 1,188,539 as of 1 July 2014. Several membership resources were completed this year, including a webinar series and a guide for creating a membership development plan. We hope our membership and clubs will continue to grow.
Club invoicing

In January 2015, Rotary clubs received a new, one-page invoice that replaces a complex eight-part report. The invoice accurately reflects current membership and clearly states the amount owed. As part of this change, clubs have been encouraged to make their membership updates more frequently.

The new club invoices cost 64 percent less to produce than the July 2014 semiannual reports. Also, 67 percent of the clubs paid their January 2015 invoices within 30 days of receiving them.

RI’s operating expenses for the nine months ended 31 March 2015 is below budget by $6 million, principally due to less spending than planned in areas such as volunteer and staff travel and use of consultants for various projects. Additionally, your Secretariat has a number of open positions, which also contributes to spending being less than planned.

Planned spending from RI’s reserve fund, called the General Surplus Fund (GSF), in 2014-15 relates primarily to public relations for polio and implementation of the Regional Membership Plan. Several initiatives in these two areas have been postponed until after fiscal 2015.

UPDATE ON THE ROTARY FOUNDATION

Record contributions

Contributions to our Foundation continue to grow at a record-setting pace. Through March, overall contributions exceeded budget by $15 million, partly due to enormous support for our Annual Fund. Provided this trend continues, the Foundation will see another record-breaking year for Annual Fund contributions, exceeding $123 million.

Push to eradicate polio

Through the End Polio Now: Make History Today campaign, we are on target to reach our fundraising goal of $35 million for polio eradication, our top organizational priority. The Bill & Melinda Gates Foundation will provide a $2 match for each $1 we spend on
polio, up to $35 million per calendar year through 2018. So if we spend $35 million in a given year, we will get an additional $70 million from the Gates Foundation.

**Increase in global grants**

Our global grants activity has increased significantly this year compared to the previous year when the new grant model was rolled out worldwide. As our clubs and districts become more familiar with the grant award process, awards are expected to be closer to budget by the time we close out this year.

**OUTLOOK AND FINANCIAL SUSTAINABILITY**

As Rotarians, we know that our level of membership can dramatically affect our ability to grow and remain financially sustainable. It is critical that clubs continue to recruit new members and retain existing ones. Some ways to support these efforts include:

- New and updated digital and print resources, which will be released over the next few months.
- The Rotary Global Rewards program, which will begin on 1 July 2015. The aim of this member benefit program is to offer discounts on products of interest to all Rotarians.

In October 2014, your RI Board of Directors approved a $0.50 increase to the additional dues our clubs pay in support of the Council on Legislation. The additional $0.50 will support Council-related expenses, including airfare, travel, and hotel expenses for all delegates; equipment, venue, and catering expenses; simultaneous interpretation; translation and publication of Council materials into all Rotary languages, and expenses for support personnel.

The Rotary Foundation’s funding model will be effective on 1 July 2015. The updated funding model will diversify the Foundation’s sources of funding, making it less reliant on the investment markets to pay for operating expenses.

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 Per Høyen. I am confident that he will serve Rotary well as treasurer throughout fiscal 2016.

*Holger Knaack*
*2014-15 RI Treasurer*

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Additional financial information for both Rotary International and The Rotary Foundation, including audited financial statements, annual reports, government filings, and a list of frequently asked questions, is available at [www.rotary.org/myrotary](http://www.rotary.org/myrotary).