



Important Rotary Foundation News from Trustee Chair Jonathan Majiyagbe

Dear Rotarians,

At our April meeting, The Rotary Foundation Trustees examined how the current global economic crisis has affected the Foundation's ability to support Rotarians' good work worldwide. Like all foundations, we have experienced substantial unrealized investment losses, forcing us to suspend Matching Grant applications in March of this year. These losses will also have an impact on the amount of money available for program awards in the coming year.

In determining our program and operations budgets for 2009-10, the Trustees made some very difficult decisions. We were fortunate to have the Future Vision Plan to help us focus strategically on what we believe to be best for our Foundation, next year and beyond. For example, funds for polio eradication - our top priority - remain secure, as do the resources to launch the Future Vision pilot in July 2010. We will, however, accelerate the elimination of several programs slated to be discontinued in 2010-11. Effective 1 July 2009, the Foundation will no longer fund the following:

- * Rotary Grants for University Teachers, except for grants already awarded
- * Volunteer Service Grants
- * Cultural and Multi-Year Ambassadorial Scholarships, except for grants already awarded

In addition, the World Fund allocation for Matching Grants was reduced to US\$9.5 million for 2009-10, about 70 percent less than the original budget for 2008-09. Districts are encouraged to use their District Designated Fund (DDF), which is secure and not affected by budget cutbacks in any way, to help carry out their humanitarian service projects. Keep in mind, however, that DDF may not be used to support program activities that have been eliminated.

The budget for Health, Hunger and Humanity (3-H) Grants was also greatly reduced and will only support new projects that are part of our alliance with USAID to improve water and sanitation in the Dominican Republic, Ghana, and the Philippines. We have also suspended some other activities for 2009-10, including the Scholarships Fund Pool for Low-Income Countries, Regional Scholar Seminar

Grants, the Rotary Alumni Celebration at the 2010 RI Convention, and training for Rotary Foundation alumni coordinators.

Looking ahead, the Trustees agreed that World Fund Group Study Exchange (GSE) partner districts will spread their exchanges over two years in fiscal years 2010-11 and 2011-12, with one team being funded in each of the years. GSE funding determination for 2012-13, the final year of the program before the Future Vision Plan is implemented across the Foundation, will be made in April 2010.

More information about the impact that budget decisions will have on grant application processing for Educational Programs and the Humanitarian Grants Program is available on www.rotary.org.

We understand that many Rotarians will be disappointed by one or more of these cutbacks. Given the current economic situation, however, it was essential to reduce the Foundation's 2009-10 program budget to \$153.3 million, which is slightly less than the projected actual for 2008-09 and \$27.1 million less than the original 2008-09 budget. Our 2009-10 operations budget, including staffing for the Future Vision pilot, is \$43.1 million, about \$1.6 million under last year's budget. Thanks to cost-cutting measures this year, however, we anticipate the 2008-09 projected operations expenses to come in at about \$4.6 million under budget.

As troubling as our current economic situation is, we must remember that our Foundation experienced tremendous growth when investment markets were favorable. In good years, we were able to provide tens of millions of dollars to address critical problems in every part of the world. I have every hope that we will once again have a bounty of funds to disperse so that Rotarians can continue to do good in the world for decades to come.

That outcome depends in large part on the continued support of our 1.2 million Rotarians. Although we have had to suspend some of our activities, there can be no moratorium on humanitarian service in Rotary. I am happy to report that Rotarians are continuing to give generously to our Foundation; year-to-date total contributions are higher than last year at this time. Without this support, the program cuts would have been even more painful.

As we work through this economic crisis together, I urge every Rotarian to make a contribution to our Annual Programs Fund by 30 June. Your gifts will strengthen our long-term ability to respond to urgent humanitarian needs and work for a world at peace. I promise you that the Foundation Trustees and our staff will endeavor to protect, maximize, and leverage our Foundation assets as much as we possibly can in today's volatile economic climate.

Jonathan B. Majiyagbe

2008-09 Chair, The Rotary Foundation Trustees