





Students in Jalalabad, Afghanistan, welcome Fary Moini of the Rotary Club of La Jolla Golden Triangle, California, USA, at the dedication of a school in March 2004. The La Jolla club raised US\$100,000 to help build the school for 2,000 refugee children returning from Pakistan – half of whom are girls, a sign of change in a country where more than 75 percent of women cannot read or write.

### 2003-04 Rotary International Board of Directors

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RI President Jonathan Majiyagbe joins a Rotarian at a reading session in an elementary school in Georgia, USA, during the Presidential Celebration on Literacy and Education in March 2004.



**A Message from the 2003-04 President** Throughout the 2003-04 Rotary year, it was a great blessing for me to travel to clubs and districts and to experience the joy of Rotary. This joy is what we all feel when we help a mother learn the skills to support her family, when we listen to a child read, or when we organize a health fair. It is the joy we feel when we share simple fellowship — taking the time to create an atmosphere of warmth and caring in our clubs. It was the joy that permeated our every gathering — whether a club meeting, a district conference, our annual convention in Osaka, Japan, or one of the 15 Presidential Celebrations that took place around the world last year.

Quite simply, it is the joy we feel as the family of Rotary, when we reach out to *Lend a Hand*.

This annual report shows how the family of Rotary continues to improve the lives of people all over our world, as Rotarians carried out projects to *Lend a Hand* in this year's areas of emphasis for humanitarian service: poverty, illiteracy, and health concerns.

The connection between humanitarian service and peace has never been clearer. Hunger, poverty, and ignorance breed despair, anger, and fear — the same emotions that fan the flames of intolerance and conflict. But as our founder Paul Harris said, "Rotary is an integrating force in a world where forces of disintegration are all too prevalent; Rotary is a microcosm of a world at peace, a model which nations will do well to follow."

As we prepare to meet the challenges of a second century of service, our Rotary family will continue to provide a foundation of love and support that we can share with others. In these pages, you will see that this Rotary family is filled with enough love to gather the entire world in its embrace.

  
Jonathan Majiyagbe

**Alleviating Poverty** Putting the RI theme *Lend a Hand* into action, Rotarians participated in hands-on service opportunities to alleviate poverty around the world. Through vocational, community, and international service activities, Rotarians young and old dedicated themselves to giving people opportunities to build self-sufficiency and free themselves from poverty's oppressive grip.



Members of the Interact Club of Marin Catholic High School, California, USA, raise the exterior walls of a house being built in Tijuana, Mexico. Their efforts are part of Project Build Hope, an initiative sponsored by a nonprofit organization that facilitates short-term construction projects for needy families in Mexico. The two-room house is a huge improvement from the family of six's previous lodging, which had a dirt floor and a tarp for a roof.

Rotarians tackled a diverse array of club and district projects — frequently with support from The Rotary Foundation of RI and other humanitarian organizations — to alleviate poverty. Their many approaches included implementing microcredit or revolving loan programs; supporting vocational training, especially for women and youth; improving farming methods; and providing food, water, and clothing for the needy and shelter for the homeless.

Rotarians' dedicated, compassionate service to end the suffering caused by poverty provided inspiration and hope to the underprivileged. Successful projects serve as shining examples of how Rotary can address the multifaceted problem of poverty in local communities and around the world.

The Rotary Club of Osaka Hirano, Japan, helps support 65 children, including this boy, at the Research and Education Center for Disabled Children in Ho Chi Minh City, Vietnam.



Debbie Jefkin-Elnekave / Tewfic El-Sawy

This billboard, one of 375 exhibited in a public awareness campaign throughout Brazil in 2003-04, highlights a literacy center in the city of Contagem.



Past District Governor Ravi Vadlamani develops a positive learning environment for these youngsters in Andhra Pradesh, India, aboard the traveling School on Wheels, a literacy project of District 3150.

**Advancing Literacy** Concerned with the link between low literacy skills and high rates of poverty, Rotarians contributed their energy to promoting literacy around the world in 2003-04. Rotarians seized service opportunities to use education to contribute to social stability, and dedicated themselves to enhancing basic skills in reading, writing, and mathematics among people of all ages, particularly women. Rotary's literacy efforts continue to give special attention to women and girls because in the developing world, females have dramatically lower literacy rates than males.

Regardless of the community, or the size of the project, Rotarians demonstrated that there are many opportunities to promote literacy in collaborative projects that reach young and old. In addition to tutoring children and sending

mobile libraries into needy communities, Rotarians initiated literacy programs for those adults whose skills put them at a level of functional illiteracy, unable to hold a job or advance in the world.

Among the year's highlights: Rotary launched a nationwide public awareness campaign in Brazil showcasing Rotarians' humanitarian and educational work. Billboard advertising emphasized Rotary's focus on education, in addition to other themes, and enhanced Rotary's image as a global organization of members in community clubs with extraordinary service programs that make a significant difference.

**Improving Health** Finishing the fight against polio remains Rotary's top health concern. Yet Rotary also continues to be recognized for making sustained commitments to improving the health of people affected by other diseases. Indeed, Rotary's many health initiatives touch millions of people in every part of the world, offering access to basic health services that are otherwise completely unavailable.

Approval of the Rotarian Fellowship for Fighting AIDS in October 2003 amply demonstrates that the crisis of HIV/AIDS, which afflicts an estimated 30 million people in sub-Saharan Africa alone, continues to be high on Rotary's agenda of worldwide health concerns. Rotarians also raise community awareness about disease prevention and treatment

containing a tent, sleeping bags, cooking pans, and other essential equipment. The boxes were sent through Relief International, a UK-based nonprofit agency. Working through another UK-based agency, Rotarians in Great Britain and Ireland sent more than 250 aqua boxes, which are used to help purify drinking water and forestall the outbreak of waterborne diseases following a disaster. Closer to Bam, the Rotary and Rotaract clubs of Manama and Sulmaniya, Bahrain, also scrambled to the aid of quake survivors through the Bahrain Red Crescent Society.



Jenny Horton, a nurse and member of the Rotary Club of Paddington/Red Hill, Queensland, Australia, works with STOP (Stop Transmission of Polio), a polio eradication program administered by the U.S. Centers for Disease Control and Prevention and supported by Rotary, UNICEF, and the World Health Organization. For three months at the end of 2003, she traveled to 11 African countries to immunize children, including this child in Ethiopia.

to counter other communicable diseases, including malaria and tuberculosis. And they work tirelessly to combat noncommunicable diseases, such as blindness, cancer, diabetes, heart disease, and stroke, as well as sponsor efforts to provide continuing education and training for physicians and health-care workers.

In addition to providing aid directly through thousands of Rotary-sponsored projects, clubs find that working with relief organizations is an efficient method of delivering much-needed assistance.

This proved to be the case following the earthquake that flattened Bam, Iran, on 26 December 2003. Within days of the disaster, Rotarians in Canada, England, and the United States dispatched more than 200 shelter boxes, survival kits



Mary Funk (right), of the Rotary Club of St. Paul, Minnesota, USA, works with members of the American Refugee Committee to pack medical supplies for survivors of the Bam earthquake.

A New Models club in Vancouver, Canada, strengthens fellowship while doing good work: Richmond Sunset club president Tony Kwan and others (including member Elaine Luk's husband and son) help build a tool shed at the Sharing Farm, a community garden that supports the Richmond Food Bank.



Embodying the family of Rotary concept, the O'Brien family of Katy, Texas, USA, traveled to Egypt to participate in a four-day drive to immunize 10 million children against polio. The O'Briens met with government officials, talked to the press, and spoke publicly about the importance of immunizing every child. Their trip took them to the small town of Damanhour, where daughters Kate and Colleen, shown here, share treats with youngsters who have just been immunized.

**Strengthening the Family of Rotary** Besides being an organization of individuals, Rotary affirms itself as an organization of families: men and women, fathers and mothers, children and youths, all finding a place of welcome and inspiration for service. Rotary leaders bring the family of Rotary together in clubs and districts and strengthen the ties that unite them. In turn, Rotarians expand these bonds to include their friends, relatives, and co-workers, in the process attracting new members to Rotary and making a difference in a conflict-ridden world.

The family is important to Rotary because Rotary is family: an extended family of Rotarians and their spouses, children, and parents; a family enriched by the presence of Interactors, Rotaractors, and Youth Exchange and RYLA participants, and those involved in Rotary International and Rotary Foundation programs. With the participation of such an extended family, Rotarians set an example for the world of family members who care about enhancing living conditions in their communities, in their workplaces, and around the globe.

The family of Rotary committees are important to promoting membership growth and enhanced retention rates. In the words of 2003-04 RI President Jonathan Majiyagbe: "Most of us joined Rotary because we wanted to help others and because we didn't want to do it alone. I believe that most of us stayed because we made friends and because Rotary became an important part of our lives."

Rotary clubs	31,936
Rotarians worldwide	1,219,532
Rotary countries	166
Rotaract clubs	7,663
Rotaract members (estimated)	176,249
Interact clubs	9,661
Interact members (estimated)	222,203
Rotary Community Corps clubs	5,567
RCC members (estimated)	128,041

**Celebrating Service** Rotarians found new ways to share information and inspiration, as thousands joined in 15 Presidential Celebrations around the globe. From Johannesburg to Stockholm, El Paso to Perth, São Paulo to Vancouver — and nine locations in between — celebrants showed that Rotary’s good work and leadership are thriving in education and literacy, health and population concerns, vocational service, and water management. They also celebrated the family of Rotary, Interact and Youth Exchange, RYLA, and The Rotary Foundation, and offered insights into Rotarians’ efforts to promote peace and tolerance worldwide through intercountry committees and the Rotary Centers for International Studies.

The year’s Presidential Celebrations were replete with success stories on projects to address global humanitarian concerns at the grassroots level. Information sharing was one of the main purposes of each event; in addition to bringing Rotarians together in fellowship, the meetings enabled every participant to return home armed with exciting, new ideas for service that could be adapted in their own communities.

The 95th annual RI Convention in Osaka, Japan, capped a year of celebration and ushered in Rotary’s centennial year in grand style by breaking previous attendance records, drawing more than 45,300 paid registrants from 113 countries and geographical regions.

Several of the year’s celebrations were honored with the participation of high-level government representatives such as Philippine President Gloria Macapagal-Arroyo, shown here addressing participants at the opening session of the Presidential Celebration on Poverty Alleviation held 31 January 2004 in Manila.



During their visit to Osaka, Rotarians also enjoyed Japanese culture, such as a visit to the city of Kyoto with its centuries-old shrines and temples.

Rotary’s new centennial history book, *A Century of Service: The Story of Rotary International*, was officially presented at the convention. Other highlights included:

- Announcement of a US\$100 per capita goal for Every Rotarian, Every Year, an initiative of The Rotary Foundation’s Annual Programs Fund
- Presentation of the Rotary Award for World Understanding and Peace to the Tim Parry Johnathan Ball Trust and its chair and cofounder, Colin Parry, who established the trust in memory of his son and another boy killed in a 1993 bombing in England
- Plenary session speeches by Sadako Ogata, a special representative to Afghanistan for Japan and a former Rotary Scholar, and Dr. Victoria Isiramen of Nigeria, a medical worker with UNICEF and a former Ambassadorial Scholar

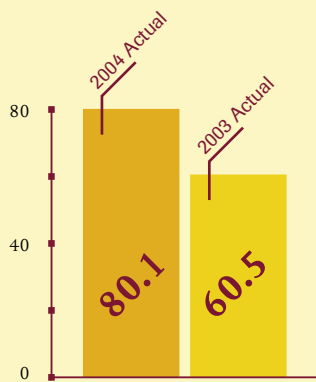
## Finances

### Revenues

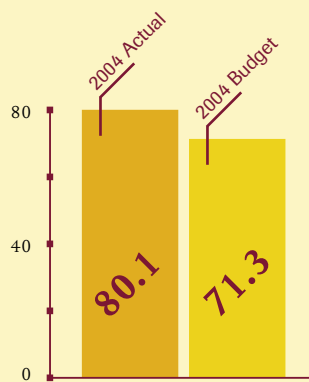
#### Explanation of Variances

**2004 actual to 2003 actual** Revenues were \$19.6 million more than the previous year, primarily due to the RI Convention (\$11.3 million compared to \$2.7 million in fiscal 2003), improved investment earnings (\$8.3 million compared to \$2.2 million in fiscal 2003), and the triennial Council on Legislation (\$3.3 million).

**2004 actual to 2004 budget** Revenues were \$8.8 million more than budgeted, primarily due to higher-than-budgeted investment income and higher-than-budgeted revenue from the RI Convention.



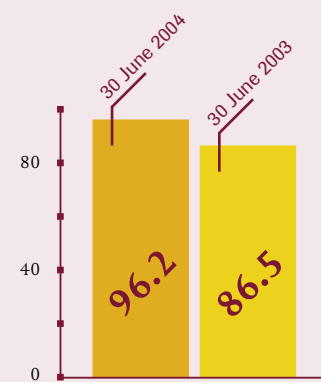
**Compared to Previous Year**  
(in US\$ millions)



**Compared to Budget**  
(in US\$ millions)

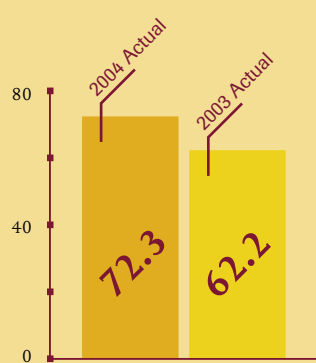
### Net Assets

Net assets as of 30 June 2004 were \$9.7 million more than the previous year, due to operating revenue exceeding operating expenses (\$7.8 million) and a reduction to the liability associated with the U.S. pension plan (\$1.9 million).

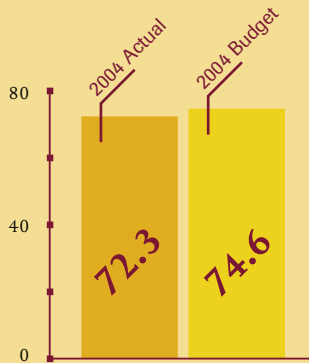


**Compared to Previous Year**  
(in US\$ millions)

### Expenses



**Compared to Previous Year**  
(in US\$ millions)



**Compared to Budget**  
(in US\$ millions)

#### Explanation of Variances

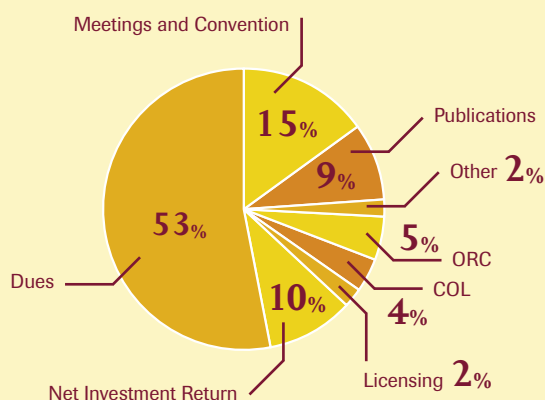
**2004 actual to 2003 actual** Expenses were \$10.1 million more than the previous year, primarily due to the RI Convention (\$7.1 more than previous year) and the Council on Legislation (\$3.3 million). Although convention expenses were higher in fiscal 2004, revenue from the convention exceeded expenses by \$1.6 million.

**2004 actual to 2004 budget** Expenses were \$2.3 million less than budgeted, primarily due to the continued efforts of all senior leaders, volunteers, management, and staff to control expenses (approximately \$4.7 million less than budgeted, offset by higher spending for the RI Convention).

## What Rotary International Received

(in US\$ millions)

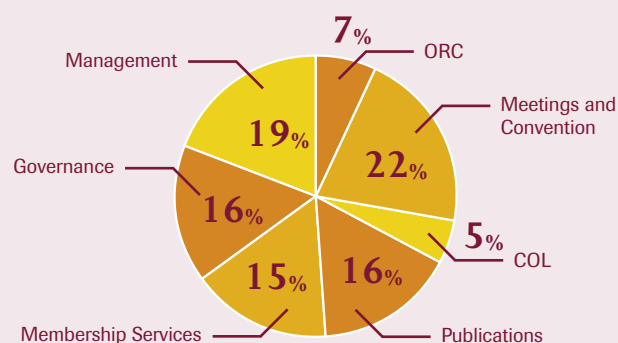
Dues	\$41.9
Meetings and Convention	11.4
Net Investment Return	8.3
Publications	7.3
One Rotary Center (ORC)	4.4
Council on Legislation (COL)	3.3
Licensing	1.8
Other	1.7
<b>Total Revenue</b>	<b>\$80.1</b>



## What Rotary International Spent

(in US\$ millions)

Meetings and Convention	\$15.9
Management	13.4
Governance	11.9
Publications	11.3
Membership Services	11.2
One Rotary Center (ORC)	5.3
Council on Legislation (COL)	3.3
<b>Total Expenses</b>	<b>\$72.3</b>



## Statement of Financial Position (in US\$ millions)

### Assets

Cash and Investments	\$82.3
Club and Other Accounts Receivable	3.5
Property and Equipment	33.0
Other	1.6
<b>Total</b>	<b>\$120.4</b>

### Liabilities and Net Assets

Accounts Payable	\$3.6
Accrued Expenses	18.6
Deferred Revenue	1.0
Due to The Rotary Foundation	1.0
<b>Total Liabilities</b>	<b>24.2</b>
<b>Unrestricted Net Assets</b>	<b>96.2</b>
<b>Total</b>	<b>\$120.4</b>

Disclosure of expenses of the president, president-elect, and president-nominee — In fiscal year 2004, RI paid expenses of \$612,000, \$517,000, and \$151,000 to, and on behalf of, the president, president-elect, and president-nominee, respectively. These expenses included travel (airfare, hotel, and meals), expressions of appreciation (\$115,000, \$80,000, and \$25,000, respectively), the president's theme, public relations, housing, and moving costs. In addition, RI paid \$427,000 of expenses to operate the presidents' offices (RI Bylaws 17.080).

Audited financial statements and details of the expenses of the president, president-elect, and president-nominee are available through Rotary's Web site, [www.rotary.org](http://www.rotary.org).

Kathleen Cattrall of the Rotary Club of Rochester, New York, USA, clowns around with a camper at Sunshine Camp, a recreational program for children with disabilities operated by the club for more than 75 years. Cattrall says working at the project “was a turning point, an insight that reawakened my sense of urgency to help others and cemented my commitment to Rotary.”





Bridging a divided city: With the help of Rotarians, the 16th-century bridge in Mostar, Bosnia-Herzegovina, demolished in the 1992-95 war, has been carefully restored and now symbolizes the nation's survival and reconnection with the world.

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