

The Rotary Foundation of Rotary International

Financial Statements as of and for the
Years Ended 30 June 2008 and 2007, and
Independent Auditors' Report

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

To the Trustees of
The Rotary Foundation of Rotary International:

We have audited the accompanying statements of financial position of The Rotary Foundation of Rotary International ("The Rotary Foundation") as of 30 June 2008 and 2007, and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of The Rotary Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Rotary Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of The Rotary Foundation as of 30 June 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the financial statements include investments valued at \$123,214,000 (17.8% of net assets) and \$93,031,000 (12.6% of net assets) as of 30 June 2008 and 2007, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the external investment fund managers.



26 September 2008

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2008 AND 2007 (In thousands of dollars)

	2008	2007
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 32,430	\$ 28,169
PLEDGES RECEIVABLE — Net	928	783
PREPAID EXPENSES AND OTHER ASSETS	3,170	2,805
INVESTMENTS:		
Cash and short-term investments	83,271	28,818
Bonds	173,467	150,031
Stocks	378,741	468,047
Alternative investments	<u>123,214</u>	<u>93,031</u>
Total investments	<u>758,693</u>	<u>739,927</u>
DONOR ADVISED FUNDS	6,308	5,570
SPLIT-INTEREST AGREEMENTS	<u>27,281</u>	<u>27,201</u>
TOTAL	<u>\$ 828,810</u>	<u>\$ 804,455</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accrued program awards	\$ 115,665	\$ 45,839
Accounts payable and accrued expenses	11,876	9,938
Split-interest agreements payable	9,476	8,559
Due to Rotary International	<u>71</u>	<u>2,152</u>
Total liabilities	<u>137,088</u>	<u>66,488</u>
NET ASSETS:		
Unrestricted:		
Undesignated	440,451	480,797
Trustee-designated:		
PolioPlus	33,195	32,520
Permanent fund	<u>52,019</u>	<u>78,049</u>
Total unrestricted net assets	525,665	591,366
Temporarily restricted	10,178	5,073
Permanently restricted	<u>155,879</u>	<u>141,528</u>
Total net assets	<u>691,722</u>	<u>737,967</u>
TOTAL	<u>\$ 828,810</u>	<u>\$ 804,455</u>

See notes to financial statements.

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED 30 JUNE 2008 AND 2007

(In thousands of dollars)

	2007-2008				2006-2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:								
Contributions	\$ 117,232	\$ 114,531	\$ 13,908	\$ 245,671	\$ 116,312	\$ 3,367	\$ 13,263	\$ 132,942
Net investment return	(44,224)			(44,224)	105,856			105,856
Net assets released from restrictions	<u>108,983</u>	<u>(109,426)</u>	<u>443</u>	<u>-</u>	<u>18,173</u>	<u>(18,779)</u>	<u>606</u>	<u>-</u>
Total revenues	<u>181,991</u>	<u>5,105</u>	<u>14,351</u>	<u>201,447</u>	<u>240,341</u>	<u>(15,412)</u>	<u>13,869</u>	<u>238,798</u>
EXPENSES:								
Program awards and expenses:								
Educational programs	30,537			30,537	30,031			30,031
Humanitarian programs	66,938			66,938	54,383			54,383
PolioPlus program	128,733			128,733	25,994			25,994
Other programs	<u>1,253</u>			<u>1,253</u>	<u>8,424</u>			<u>8,424</u>
Total program awards and expenses	227,461	-	-	227,461	118,832	-	-	118,832
Development expenses	13,618			13,618	12,632			12,632
General administration	<u>6,340</u>			<u>6,340</u>	<u>6,294</u>			<u>6,294</u>
Total expenses	<u>247,419</u>	<u>-</u>	<u>-</u>	<u>247,419</u>	<u>137,758</u>	<u>-</u>	<u>-</u>	<u>137,758</u>
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	(65,428)	5,105	14,351	(45,972)	102,583	(15,412)	13,869	101,040
PENSION-RELATED CHANGES	<u>(273)</u>			<u>(273)</u>	<u>(495)</u>			<u>(495)</u>
CHANGE IN NET ASSETS	(65,701)	5,105	14,351	(46,245)	102,088	(15,412)	13,869	100,545
NET ASSETS — Beginning of year	<u>591,366</u>	<u>5,073</u>	<u>141,528</u>	<u>737,967</u>	<u>489,278</u>	<u>20,485</u>	<u>127,659</u>	<u>637,422</u>
NET ASSETS — End of year	<u>\$ 525,665</u>	<u>\$ 10,178</u>	<u>\$ 155,879</u>	<u>\$ 691,722</u>	<u>\$ 591,366</u>	<u>\$ 5,073</u>	<u>\$ 141,528</u>	<u>\$ 737,967</u>

See notes to financial statements.

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE 2008 AND 2007 (In thousands of dollars)

	2007-2008	2006-2007
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ (46,245)	\$ 100,545
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Realized gains on sale of investments — net	(7,425)	(37,589)
Unrealized losses (gains) on investments — net	68,609	(38,298)
Contributed securities and split-interest agreements	(1,975)	(4,473)
Changes in assets and liabilities:		
Pledges receivable — net	(145)	38
Prepaid expenses and other assets	(365)	504
Accrued program awards	69,088	(7,048)
Accounts payable and accrued expenses	1,938	(370)
Split-interest agreements payable	917	679
Due to Rotary International	(2,081)	1,844
	<u>82,316</u>	<u>15,832</u>
Net cash flows provided by operating activities		
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of investments	(1,229,472)	(1,080,317)
Proceeds from sale of investments	1,205,870	1,072,604
Change in investment cash and short-term investments	<u>(54,453)</u>	<u>(4,608)</u>
	<u>(78,055)</u>	<u>(12,321)</u>
Net cash flows used in investing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	4,261	3,511
CASH AND CASH EQUIVALENTS — Beginning of year	<u>28,169</u>	<u>24,658</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 32,430</u>	<u>\$ 28,169</u>

See notes to financial statements.

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED 30 JUNE 2008 AND 2007

(In thousands of dollars)

1. NATURE OF OPERATIONS

The Rotary Foundation of Rotary International (“The Rotary Foundation” or the “Foundation”) is a corporation organized under the Illinois Not-for-Profit Corporation Act. The Rotary Foundation supports the efforts of Rotary International to achieve world understanding and peace through international humanitarian, educational, and cultural exchange programs. The Rotary Foundation’s fiscal operations include educational, cultural exchange, and humanitarian programs; fund development and donor services; and investment of funds. Operating revenue is derived primarily from donor contributions and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements — The Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, in June 2006. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Rotary Foundation’s management is in the process of evaluating the effect of this new interpretation on The Rotary Foundation’s financial statements. This standard was originally effective for nonpublic entities for fiscal years beginning after 15 December 2006. On 1 February 2008, the FASB issued FASB Staff Position (FSP), that defers the effective date of FIN No. 48 for nonpublic entities until years beginning after 15 December 2007.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements*. FASB Statement No. 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The Rotary Foundation’s management is in the process of evaluating the effect of this new standard, which must be adopted in fiscal year 2009, on The Rotary Foundation’s financial statements.

In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115*. FASB Statement No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FASB Statement No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The Rotary Foundation's management has adopted FASB Statement No. 159 as of 1 July 2008. The adoption of FASB Statement No. 159 is not expected to have a material impact on the Foundation's financial statements.

In August 2008, the FASB issued a FSP FAS 117-1, *Endowments of Not-for-Profits Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This FSP also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The Rotary Foundation's management is in the process of evaluating the effect of this new standard, which must be adopted in fiscal year 2009, on The Rotary Foundation's financial statements.

In March 2008, the FASB issued FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133*. FASB Statement No. 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves transparency of financial reporting. The Rotary Foundation's management is in the process of evaluating the effect of this new standard, which must be adopted in fiscal year 2010, on The Rotary Foundation's financial statements.

Net Assets — The Rotary Foundation classifies resources into three classes of net assets as follows:

- *Unrestricted* — Net assets that are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets. The Annual Programs Fund and the Donor Advised Fund, which receives revenue primarily from voluntary contributions from Rotary districts, clubs, Rotarians, and others, as well as certain accumulated earnings as described below, have been classified as unrestricted net assets. The Foundation had \$525,665 and \$591,366 of unrestricted net assets at 30 June 2008 and 2007, respectively.

Unrestricted net assets that are Trustee-designated represent amounts that, by Trustee policy, have been designated for specific programs of The Rotary Foundation. Trustee policy also stipulates that a portion of the fund's investment net income will be considered unrestricted to be used to support the programs of The Rotary Foundation, including reasonable administrative costs in accordance with the terms agreed on or at the time of gift acceptance and in accordance with the spending policy approved by the Trustees of The Rotary Foundation.

- *Temporarily Restricted* — Net assets whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by fulfillment of the stipulated purpose for which the donation was restricted. Revenues received from voluntary contributions that are restricted to the PolioPlus Program and Disaster Recovery are classified as temporarily restricted. Noncurrent pledges are also classified as temporarily restricted. Trustee policy stipulates that accumulated investment earnings on donations that are restricted by donors to the PolioPlus Program be utilized only in support of PolioPlus. The Foundation had \$10,178 and \$5,073 of temporarily restricted net assets at 30 June 2008 and 2007, respectively. At 30 June 2008, temporarily restricted net assets primarily consisted of \$9,504 and \$378 restricted to the PolioPlus Program and Disaster Recovery, respectively. At 30 June 2007, restricted net assets primarily consisted of \$4,735 and \$378 restricted to the PolioPlus Program and Disaster Recovery, respectively (Note 8).
- *Permanently Restricted* — Net assets donated with stipulations that they be invested to provide a permanent source of income (e.g., endowment funds); such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose. The Permanent Fund corpus has been classified as permanently restricted. Trustee policy also stipulates that a portion of the fund's investment net income will be considered unrestricted to be used to support the programs of The Rotary Foundation, including reasonable administrative costs in accordance with the terms agreed on or at the time of gift acceptance and in accordance with the spending policy approved by the Trustees of The Rotary Foundation. The remainder unspent portion of the fund's investment net income will remain in the Permanent Fund corpus. The Foundation had \$155,879 and \$141,528 of permanently restricted net assets at 30 June 2008 and 2007, respectively.

Associate Foundations — The Rotary Foundation has established associate foundations in Australia, Brazil, Canada, Germany, India, Japan, and the United Kingdom. The associate foundations provide local Rotarians and other donors with tax benefits under the laws in each country, except Japan and Brazil, where the laws do not allow for individuals to have tax benefits. The associate foundations accept contributions and make program disbursements on behalf of The Rotary Foundation. The financial activities conducted by the associate foundations on behalf of The Rotary Foundation are included in the Statements of Financial Position and the related Statements of Activities and of Cash Flows.

Cash and Cash Equivalents — Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. Cash and cash equivalents include \$8,626 and \$6,592 at 30 June 2008 and 2007, respectively, subject to certain repatriation restrictions imposed by local governments.

Pledges Receivable — The Foundation receives multiyear pledges. The accompanying financial statements reflect multiyear pledges (ranging from one to four years) discounted by the Foundation's expected long-term rate of return for the applicable number of years. Management makes assumptions regarding the outstanding pledges and ultimate collectibility of these receivables (Note 3).

Due to Rotary International — Rotary International and The Rotary Foundation handle certain fiscal matters on behalf of each other, including transfers of funds within countries, payment of general and administrative expenses, and payment of employee salaries and benefits. The balances resulting from these transactions are settled on a periodic basis.

Investments — Investments are carried at fair value and are based on quoted market prices, except for certain alternative investments totaling \$123,214 and \$93,031 at 30 June 2008 and 2007, respectively, such as private equity, real estate, and hedge fund of funds, for which quoted market prices are not available. The estimated fair value of private equity and real estate investments is based on quarterly valuations and other data provided by the external investment fund managers, updated for capital calls and distributions and other market activity for the most current fiscal quarter. Hedge funds are valued on a monthly basis. The valuations for these alternative investments involve appraisals, assumptions, and methods that are reviewed by The Rotary Foundation's management, as well as the Investment Advisory Committee. Cash and short-term investments primarily consist of bonds with maturities of less than one year and money market investments held by the Foundation's custodian bank during the process of settling investment transactions.

Split-Interest Agreements — The Rotary Foundation is the trustee or custodian and charitable remainderman of trusts and charitable annuities held for the benefit of others for various specified terms. These funds are held in charitable remainder unitrusts, a charitable gift annuity account, and a pooled income fund. Assets received under these agreements are recorded at fair value, and the contribution portion of these agreements is recognized as revenue or gain when received. Liabilities incurred as a result of these agreements are measured based on the present value of the expected future payments to be made to the named beneficiaries, using various discount rates and actuarial assumptions reflecting the terms of the agreements and the estimated time of receipt.

Financial Instruments — The Foundation, from time to time, enters into foreign exchange option and forward contracts. All financial instruments are recorded at fair value with gains and losses resulting from changes in fair value recognized in net assets in the period of change. There were no options or contracts outstanding as of 30 June 2008 and 2007.

Accrued Program Awards — The Rotary Foundation records the full amount of program awards upon specific designation of award recipients. Awards designated but not yet paid are included in accrued program awards in the accompanying Statements of Financial Position.

Revenue Recognition — Contributions and unconditional pledges are recognized as revenue in the period received and recorded at estimated fair value.

Tax Status — The Rotary Foundation is a qualified not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, but is subject to U.S. tax on any unrelated business income. At 30 June 2008, the Foundation had no unrecorded liabilities for unrelated business income for fiscal year 2008 and at 30 June 2007, there were \$83 of recorded liabilities for unrelated business income for previous fiscal years.

Translation of Currency Other Than the U.S. Dollar — The U.S. dollar is the reporting currency for The Rotary Foundation. The Foundation has operations in countries other than the U.S. that are translated to the Foundation's reporting currency. Translation and transaction gains or losses are reflected in the change in net assets.

Risks and Uncertainties — The Rotary Foundation has investments in cash and short-term investments, debt and equity securities, and alternative investments that are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with these investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

Reclassifications — The Rotary Foundation has reclassified private equity investments of \$9,156 from stocks to alternative investments as of 30 June 2007, to conform to the current-year presentation.

3. PLEDGES RECEIVABLE

Pledges receivable are recorded after discounting to the present value of the expected future cash flows. Aging and valuation at 30 June 2008 and 2007, is as follows:

	2007–2008	2006–2007
Due within one year	\$ 713	\$ 567
Due within one to four years	<u>406</u>	<u>385</u>
	1,119	952
Present value discount	(94)	(78)
Allowance for uncollectible pledges	<u>(97)</u>	<u>(91)</u>
Pledges receivable — net	<u>\$ 928</u>	<u>\$ 783</u>
Present value discount rates	8.0%–8.25%	8.0%–8.25%

4. INVESTMENTS

The Foundation had investments in bonds in the amount of \$4,035 and \$2,449 denominated in currencies other than the U.S. dollar at 30 June 2008 and 2007, respectively. In addition, the Foundation held investments in certain subprime mortgage-backed securities totaling \$7,822 (1.0% of total investments) at 30 June 2008, and \$11,000 (1.5% of total investments) at 30 June 2007. Accrued interest and dividends are included in total investments. At 30 June 2008, alternative investments consisted of real estate funds of \$77,787, hedge fund of funds of \$34,111, and private equity funds of \$11,316. At 30 June 2007, alternative investments consisted of real estate funds of \$74,235, hedge fund of funds of \$9,640, and private equity funds of \$9,156.

The components of net investment return are as follows:

	2007–2008	2006–2007
Interest and dividends	\$ 20,701	\$ 32,190
Realized gains — net	7,425	37,796
Unrealized (losses) gains — net	(68,609)	38,319
Currency exchange (losses) gains	(344)	626
Investment and banking fees	(2,684)	(2,618)
Miscellaneous losses	<u>(713)</u>	<u>(457)</u>
Total	<u>\$ (44,224)</u>	<u>\$ 105,856</u>

5. ROTARY INTERNATIONAL REIMBURSEMENTS

In accordance with an administrative services agreement dated 28 June 2006, Rotary International charges The Rotary Foundation for expenses incurred on its behalf. Both boards meet annually to adjust the agreement as needed. These expense allocations flow through intercompany accounts of the two entities and are as follows:

	2007-2008	2006-2007
General administration	\$ 10,511	\$ 10,104
Information services	5,788	5,056
International assembly	1,092	1,146
International offices	4,165	3,640
One Rotary Center net occupancy costs	<u>274</u>	<u>701</u>
Total	<u>\$ 21,830</u>	<u>\$ 20,647</u>

The Rotary Foundation allocates these costs based upon staff resources required to support each functional area. These amounts are allocated as follows:

	2007-2008	2006-2007
Educational programs	\$ 4,355	\$ 4,105
Humanitarian programs	7,236	6,826
PolioPlus program	883	850
Development expenses	7,235	6,825
General administration	<u>2,121</u>	<u>2,041</u>
Total	<u>\$ 21,830</u>	<u>\$ 20,647</u>

6. BENEFIT PLANS

Pension Benefits — The Rotary Foundation is allocated its proportionate share of the pension expense for the Rotary International Retirement Plan. The retirement plan is a defined benefit pension plan, covering substantially all Rotary International employees with a hire date before 1 January 2008. The plan was closed to employees hired on or after this date. The benefits are determined by application of a benefit ratio to the employee's highest average annual earnings for five consecutive plan years. The pension plan assets are invested in certain fixed income and equity funds.

Rotary International's funding policy, subject to the minimum funding requirements under the Employee Retirement Income Security Act of 1974, is to contribute such amounts as determined on an actuarial basis to provide the assets sufficient to meet the benefit obligations. Rotary International uses a 30 June measurement date for its plan.

As of 30 June 2008, the retirement plan's projected benefit obligation, \$36,687, was greater than the fair value of retirement plan assets, \$33,616. The net actuarial loss recognized by The Rotary Foundation based upon its proportionate share of payroll expense was \$273 and \$495 in 2008 and 2007, respectively. These amounts are reflected in pension-related changes in the Statements of Activities.

The net periodic pension expense allocated to The Rotary Foundation based upon its proportionate share of payroll expense was \$330 and \$381 for 2008 and 2007, respectively.

401(k) Plan — The Rotary Foundation is allocated its proportionate share of 401(k) expense for the Rotary International 401(k) Plan. Employees of Rotary International participate in the plan, which is a defined contribution plan. Employees voluntarily make contributions to the plan in amounts based upon a percentage of their total compensation, up to a maximum of 50%, subject to limitations imposed by the Internal Revenue Service. As of 1 January 2008, Rotary International matches 100% of the first 1% and 50% of the next 5% contributed of the participant’s annual compensation. Prior to 1 January 2008, contributions were matched at 50% of the first 6% contributed of the participant’s annual compensation. The expense allocated to The Rotary Foundation was \$205 and \$173 for the years ended 30 June 2008 and 2007, respectively. For employees hired on or after 1 January 2008, Rotary International may also make further contributions to the plan in what is called a Points Based Contribution.

7. PROGRAM AWARDS AND EXPENSES

Program awards and expenses comprise:

	2007–2008			2006–2007		
	Awards	Expenses	Total	Awards	Expenses	Total
Educational programs	\$ 23,426	\$ 7,111	\$ 30,537	\$ 23,293	\$ 6,738	\$ 30,031
Humanitarian programs	56,689	10,249	66,938	44,759	9,624	54,383
PolioPlus program	126,654	2,079	128,733	23,744	2,250	25,994
Other programs	1,195	58	1,253	8,424	-	8,424
Total	<u>\$207,964</u>	<u>\$19,497</u>	<u>\$227,461</u>	<u>\$100,220</u>	<u>\$18,612</u>	<u>\$118,832</u>

8. TEMPORARILY RESTRICTED FUND

On 2 November 2007 and 19 December 2007, The Rotary Foundation signed grant agreements with The Bill & Melinda Gates Foundation (BMGF) and the Google Foundation (GF), respectively. These agreements serve to recognize that both foundations are contributing funds to The Rotary Foundation for global polio eradication. The BMGF contribution of \$100 million was received on 15 November 2007. The GF contribution of \$3.5 million was received on 21 December 2007. Both contributions were recognized as revenue in fiscal year 2008 and were initially classified as temporarily restricted funds in accordance with FASB Statement No. 116, *Contributions Made and Contributions Received*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*, respectively. Both agreements have matching fund provisions, whereby The Rotary Foundation is responsible for matching the BMGF \$100 million and the GF \$3.5 million, with new and designated funds. Consistent with the BMGF agreement, The Rotary Foundation Trustees passed a decision to raise \$100 million over a three-year period to conclude 31 December 2010. As of 30 June 2008, \$25 million has been received as matching funds, of which \$3.5 million fulfilled the match requirement for GF. The grant agreement with BMGF stipulates that any unspent and uncommitted grant funds be returned by The Rotary Foundation to BMGF. As of 30 June 2008, \$103.5 million has been spent or committed to the World Health Organization and the United Nations Children’s Fund.

On 15 September 2008, The Rotary Foundation signed a supplemental grant agreement with BMGF that will provide an additional \$255 million to support the global polio eradication initiative through 3 October 2013. On 26 September 2008, The Rotary Foundation received \$80 million of the \$255 million supplemental grant agreement. This agreement has matching fund conditions, whereby The Rotary Foundation is responsible for additional matching funds of \$100 million by 30 June 2012.

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