

Presentation to Club Membership Nov. 2022

President Mark and Fellow Rotarians,

The Ann Arbor Rotary Foundation is a perpetual Charitable fund initiated in 1985 within the Ann Arbor Rotary Club structure, qualified as 501(c)(3) organization under the IRS rules, so that contributions to the fund are tax deductible. The endowment fund is managed by a board of trustees. Its primary purpose is to provide annually additional funds for our club's support of nonprofit community organizations, activities, and projects over and above that provided by our annual member assessment for charitable activities.

Donated funds are invested permanently to build long-term, stable support for our many humanitarian projects--saving lives and improving health and well-being of those less fortunate abroad, improving the environment and providing educational opportunities and other improvements in the lives of our young people locally – projects adopted by the Club.

Our Foundation (separate from that of The Rotary Foundation of Rotary International (TRF) is both a true endowment holding funds in perpetuity and using the income therefrom to support designated charitable activities *and* our club's tax-exempt vehicle through which we raise and distribute other funds in support of such activities.

The Foundation currently has a Spending Policy that requires an annual distribution of 4.25% of the assets each year, based on the average market value for the preceding 20 quarters.

As a result of contributions to the Foundation, as well as good investment results, the amount distributed over the last 15 years totals \$919,000 a \$47,000 increase from the number reported a year ago. The average increase in the annual distribution from the Foundation approximates 5.4%.

The endowment fund's Sept. 30th, the most recent quarterly market value of \$2,209,859, a decrease of \$707,249 (24.2% - in line with the market) from last year's valuation of \$2,917,108, provides about 50% of our annual Community Service Budget. Increases in future years will be based on the market value of the fund.

To illustrate my point of the power of the endowment Fund and its role in the Club's financial structure, look at the exhibit on the screen, which is the 2022-23 Community Service Fund Flow (budgeted numbers).

On the left side of the exhibit, you'll notice that the Community Service Fund **sources** consist of:

- Member Community Service Assessment of \$200 each year - \$50,000
- Endowment Spending Policy - \$99,171 (up 11.3% from last year's \$89,102)
- Annual Fundraiser (Golf & Tennis) - \$28,000 (actual will be over \$52,000)
- Other - \$7,050 (additional contributions & interest earnings)

Total Community Service Budget - \$184,221

Uses:

- Community allocations - \$60,400
- Scholarships
 - Washtenaw Community College \$13,500
 - STRIVE - \$17,000
- International Humanitarian Grants - \$28,700
- All Other - \$64,621

Bottom Line:

Funds for the Community Service Budget are derived from the Club members annual Community Service Assessment, the Club's endowment spending policy and proceeds from our annual fundraising activity. ***The Club's Foundation is supported by voluntary charitable contributions primarily from Club members, memorial gifts and bequests.***

- Our Rotary Club has a goal, to increase the contributions to the community from the Foundation to \$100,000 annually, almost there - one of president Mark's objectives.
- Annual member contributions over the last five years average \$48,300
- The endowment portfolio's total rate of return over the last five-years approximated 3.34%.

While our annual Community Service fees are critical in the support of current programs, **our gifts to the Endowment help secure those programs for tomorrow.** We encourage each of you to ***voluntarily*** invest in the future by making a gift from your current assets, including appreciated stock, transferring directly up to \$100,000/year from your IRA or by designating a portion of your estate for distribution to the Club's Foundation upon your death, a bequest.

The Foundation Development Committee members are all willing to visit with you to address any questions that you may have. The Foundation brochure is on the website and we invite you to consider how you might participate with a voluntary contribution using the 1-2-3 billing to make a remittance, contact us or use the Brochure.

The Foundation Development Committee is made up of the following Club members (Nishta Bhatia, Lou Callaway, Richard Elwell, Betsy Hammond, Tom Millard, Mark Ouimet, David Schmidt, Erik Serr, David Keosaian)

Cc: Norman\Rotary\Endowment presentation to Club 11—09-22 v2

