

THE ROTARY FOUNDATION

June 2005



OFFICE OF THE CHAIRMAN

To 2004-05 District Governors, RI and
2005-06 District Governors-elect, RI

Dear Friends,

I think it is my responsibility and duty to share with you briefly the rationale for the bold decisions taken by the Trustees at their April 2005 meeting.

As a matter of fact, in the last years we have seen an increasing number of local club foundations growing everywhere due partly to the dissatisfaction with the service provided by TRF; one of the many reasons, in spite of the simplification efforts done in recent years, is especially the length of the approval process for Matching Grants.

Keeping these things in mind, before assuming the 2004-05 chairmanship of The Rotary Foundation, I asked General Secretary Ed Futa, as the Chief Operating Officer of RI and the chief administrative and financial officer of The Rotary Foundation, to go out for a bid to choose a consultant company for an "overview of the working process" of the Foundation area. KPMG company was chosen and the final report of 60 pages was delivered in October 2004.

In short, one of the major facts was the shocking average cost of US\$ 2,630.00 for processing a Matching Grant, and the immense amount of thousands of pending Matching Grant semi-annual reports. In addition to other basic recommendations for changes in the whole area of TRF, the report reached the conclusion of recommending at least a seven-month moratorium on all operations in order to redesign the whole working process. This drastic recommendation was not accepted by a majority of the Trustees.

On the other hand, the Trustees were also faced with the fact that in one part of our Rotary world, US\$ 17 million of final reports on Matching Grants were missing. After careful analysis, the decision was taken to suspend a certain number of districts from receiving TRF grants and Trustees were sent out in the field in an oversight and stewardship mission. As a result, many suspected cases of abuses in spending grant monies were discovered, and audit operations are currently at work on site. After this first mission, Trustees were sent to other parts of the Rotary world for strongly needed stewardship seminars. As a result for the future a standing committee of Trustees on stewardship has already been approved.

Both of the above facts forced the Trustees, who are not supposed to micromanage, to take a broader look at the essence of all the operations and programs of The Rotary Foundation in

One Rotary Center
1560 Sherman Avenue
Evanston, Illinois
60201-3698 USA
PH 847.866.3000
FAX 847.328.8554
www.rotary.org

order to increase cost effectiveness, efficiency and to give a better user-friendly quality of service to Rotarians.

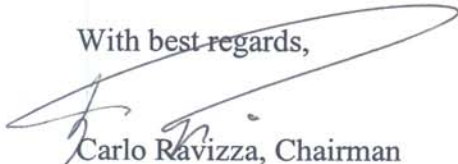
During this clarification effort, it became clear that it was time to review the basics of the Foundation and take a look into the needs and expectations of a new century. This outlook brought the April 2005 decision to create a committee called the "TRF Future Vision Committee" with terms of reference to formulate a vision for the future and then start a strategic planning process.

To avoid the closing of all TRF operations, as suggested by the KPMG report, the Trustees took some intermediate measures to lower the working pressure on the staff in order to allow time and energies for redesigning the entire working process. To do this, the Trustees imposed a call for an outside consultant to coordinate and lead these efforts. The general secretary was asked to report at all Trustees' meetings about the rate of progress in implementing the KPMG recommendations.

The Trustees realize that we are asking Rotarians for a certain period some sacrifices but, on the other hand, hard and basic decisions have to be taken to continue to assure credibility and a broader future for your Foundation so that it may be a leading force in the next century to face and solve increasing cries for help by mankind.

I can assure you that the 15 Trustees, representing 12 different countries, are doing with dedication their job to assure that every dollar given to the Foundation is spent correctly on the projects you are applying for. More than ever, *Celebrating Rotary* we will have to *Act with Consistency, Credibility, Continuity*.

With best regards,



Carlo Ravizza, Chairman
The Rotary Foundation Trustees, RI
Past President 1999-2000, RI

cc: Mr. Glenn E. Estess, Sr., President, RI
Mr. Carl-Wilhelm Stenhammar, President-elect, RI
Mr. William B. Boyd, President-nominee, RI
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General Managers of RI and TRF
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