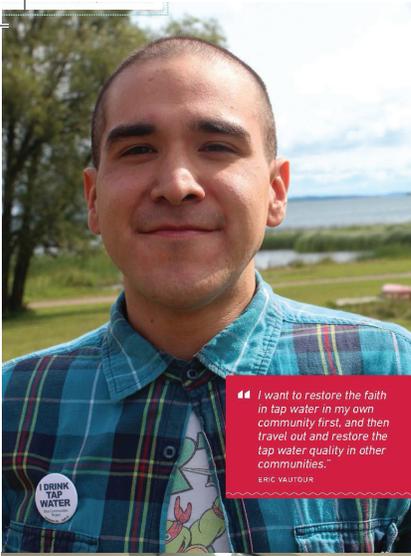


2017-2018 ANNUAL REPORT

The Rotary Club of Toronto & Rotary Club of Toronto Charitable Foundation



**ANNUAL REPORT
AND FINANCIAL STATEMENTS**
Year Ended June 30, 2018



"I want to restore the faith in tap water in my own community first, and then travel out and restore the tap water quality in other communities."
ERIC VALOUR



The Rotary Club of Toronto
and
The Rotary Club of Toronto
Charitable Foundation

Dedicated to
"improving the urban community with hope and dignity"



MESSAGE FROM THE PRESIDENT

Our theme for the 2017-18 year was “**Making a Difference**”.

The Rotary Club of Toronto has been making a difference in the lives of Torontonians and others around the world for over 100 years. In our 105th year we continue to transform lives and make a difference to the many disadvantaged and challenged people in our community. Our forefathers saw the potential to build this club, we continue to enrich the club with our vision of the future, and what it holds. We have so much to give.



I was very fortunate to have the most capable and supportive Board (President Elect Jeff Dobson, Vice President Kevin Power, Board of Directors: Don Brooks, Glenn Davis, Bill Empey, John Farrell, John Fortney, Prince Kumar, Mary Lach, Binoy Luckoo, John Joseph Mastandrea and Barbara Thomson,. Your tireless efforts have ensured our club affairs are in order. Special thanks to all the Directors, from your Club members and me. Thank you to Susan Howson, President of the Rotary Club of Toronto Charitable Foundation and Rick Goldsmith, Club Treasurer, for your unwavering support. It was a pleasure to work with both of you.

There were many highlights this past year:

Strategic Planning under Chair, Jeff Dobson, made huge inroads in how we want our Club to be going forward. This culmination was due to the work the Strategic Planning committee had been working at for some years. Prince Kumar took the lead on developing “**Roadmap 2020**”, involving all members of the Club in sessions for discussion and input; this was the focus of our Club Assembly and after much more discussion we implemented a new Vision, Mission and Values to bring us to 2020! Amazing work from all members of the club, especially Prince who worked tirelessly on this project.

VISION MISSION CORE VALUES

Roadmap 2020:

Vision: Be the organization of choice to achieve one's philanthropic life goals among friends, with annual funding of \$2 million.

Mission: To provide opportunities for like minded people to improve our communities through the Rotary platform.

Core Values: Integrity, Philanthropy, Leadership, Diversity, Friendships.

Core values are the characteristics of our Club and its members. They are not to be compromised on, ever! They help define our potential new members, people who will cherish and embody similar values.

Now, we have divided our initiatives into three phases: Phase one (2018-19): Mobilize, Phase 2 (2018-2019): Execute, and Phase 3 (2019-2020): Impact.

Through the generous support of the **Rotary Club of Toronto Charitable Foundation** over \$628,000 was approved and generously donated to local community groups and in addition, a commitment of \$375,000 to be paid in 2020. Philanthropic committees donated over \$150,000 for local and International projects. A special presentation ceremony was held in September for the unveiling of the new **Rotary Club of Toronto Sherbourne Health Bus**. Several dignitaries attended along with many members of our Club.



We welcomed Antoine Rhys, from Sin-Le-Noble, France, our **Youth Exchange Student**, who was capably hosted by Anny-Sandra Hamel and Catherine Lloyd (and families). Thank you to all the members who made his year spectacular. Arianne Wilson (Anny- Sandra Hamel's daughter), spent her Grade 11 year in Argentina on her Youth Exchange.

Our **Fundraising Committee** under the direction of Past President Bill Morari, raised almost \$100,000 overall...with challenges made to the Fundraising Committee, and member support. Our Annual Fundraiser was held at the Steam Whistle Brewery. Fundraising also held a "Food Truck Festival in October, in Cabbage Town, a new event for the committee. Numbers were not what was expected but the event was a great evening for those who attended. Fundraising started our partnership with Wellington Brewery/Rotary Clubs of Guelph and Peterborough (Kevin Duguay, Rotarian) with "Rotary Lager Beer". Wellington Brewery donates 50 cents per can sold to Rotary...20 cents goes to the source club (our Club and our partner clubs), 10 cents to Rotary Global Water projects and 20 cents to the originators (Guelph and Peterborough clubs). This is the only Rotary International Partnership with a brewery and we are very pleased to be part of this.

Our **Annual Golf Tournament** at Richmond Hill Golf Course, raised \$11,100 for Blankets for Burn Kids.

The **Club Christmas Party** through the silent auction and ticket sales donated \$5000 to the PACT Urban Peace Program.

We continued the **President's Cocktail parties** before long weekends, a more casual way of meeting. The last one we held in June, just before the convention was sponsored by Megalomaniac Wines and Spirits, when we had the pleasure of owner, John Howard as a guest speaker. The event dubbed, "Welcome to Toronto Convention 2018" was extremely well attended by our Club members, visiting Rotarians and distinguished guests from Rotary International (RI) in Toronto for our RI International Convention.

We continued to hold several **lunches at The National Club**, adding even more than usual...this was a specific request from many members! Our members love "Bill's Club" where we were also treated to a rooftop lunch in mid-summer.

Thanks to Heather Gordon, Chair of **Marketing and Communications**, along with Arash Shahi and Carol Hutchinson, we unveiled our newly designed website...www.rotarytoronto.com. Our website has been designed to Express key messages, Highlight amazing impact, Clearly communicate, Ease navigation, and to be Mobile friendly. Congratulations on a huge job!! We also unveiled Google Suites and Google for Non-profits (G4NP). We now have our own Rotary email: first name, last name, @rotarytoronto.com. And our Marketing and Communications Committee also created a "Buzz Group" to embrace social media.

Our **Voice Committee** led by Maureen Bird produced amazing newsletters each week, and continued with the "Making a Difference" issues, an overview on the difference made by donations from the Rotary Club of Toronto Charitable Foundation and our Philanthropic Committees. It is with much gratitude that each of the agencies say "Thanks".

Our **Membership Committee** under the leadership of Lori Brazier, took the lead on creating new ideas and strategies to increase membership - pub nights for new members, a more enhanced R to R, with guest speakers and committee updates.

Thanks to Maureen Bird and the **Newcomer Committee**, our Syrian Family, al Zahabi continued to be settling in and enjoying their new country and city. We were honored to meet them at casual dinners and on the November 24 luncheon, where they were our guests.

Our **Scholarship Committee** directed by Don Brooks, awarded Maryam Ali with a three year fully paid scholarship.

Our **Fellowship and Entertainment** under the leadership of Brigitte Bogar, planned several dinners/lunches out, Christmas Carolling, a Swedish Christmas concert, Whiskey night, Wine night, a Wine Tour to Niagara and a dinner/theatre night. Our members took part in the District Curling Bonspiel headed up by District Governor, our own, Neil Phillips.

COMMUNITY IMPACT

Our **Youth and Children's Service Committee** under Chair Dawn-Marie King, donated funds to the George Hull Centre for Children and Families and the Peer Project by Youth Assisting Youth, following their choice of focusing on Mental Health for this year. Youth Day 2018 hosted by the Youth and Children's Service Committee's, **Youth Initiatives' Subcommittee** Chair Brent Thomas, who was ably assisted by Dr. John Malloy, TDSB Director of Education and Dan Keonig, Associate Director of Academic Services of the TCDSB presented the awards for Youth Civic Leadership to Alice Cheng, Taylor Dalli, Julia Menezes, Emily Tu, Joshua Athanasyar, Patricia Cabarrubias, Isabella Maltese, Samantha Sagredo, Donna Vasseghi, and Elise Wan. We are extremely proud of these youth achievements.

The 89th annual **Children's Christmas Party** for physically challenged children, Chaired by Lorraine Lloyd and Karl Kremer, was a hit as always and we were so pleased to host such a large group, given the many changes in our venue.

Our **Seniors Citizens' Committee** under the leadership of Anny-Sandra Hamel assisted seniors at St. Matthews Bracondale House, Davenhill Senior Living, and 416 Community support with donations. Their wonderful **Annual Christmas party for Seniors** was as always, well executed and attended. They also worked with Toronto Public Library and the Fred Victor Library on workshops for low income seniors.

Tree Planting was an initiative from Rotary International President, Ian Risely, so our District 7070 set up Tree Planting Earth Day. Kevin Power, Vice President and RCT District Representative, affectionately known as the "Tree Man", worked with Lorna Johnson, Chair, **Environmental Service Committee** to purchase 250 trees to plant, one tree per member plus one for each of the Rotaract members of the Rotaract Club of Toronto, Rotaract Club of the University of Toronto, and the Rotaract Club of Ryerson University. The committee also worked with the Toronto Tool Library, David Wilson School Garden and the Don Valley Tree Project.

Our **Women's Initiatives Committee** led by Chantal MacDonald were pleased to forward requests to the Foundation to contribute to Covenant House, Interval House and the Toronto Centre for Community Development's Immigrant Women Integration Project. "Walk a Mile in her Shoes" walk at David Pecault Square saw

several brave Club members (men) slip on pumps for the walk, wobbly and all!! Through the efforts of the Women's Initiatives Committee on Covenant House, Rotary International recognized our Club with a Significant Achievement Award... "The very best of work for District 7070 and the Rotary World"

Our **International Service Committee**, under Chair John Farrell, continued to utilize Global Grants to maximize their efforts for providing funding in many parts of the world. CJ Shah was able to bring approximately \$7000 from Shorcan Charity Day to be used for international projects.

Our **Community Service Committee (CSC)** with Chair Karen Scott generously assisted Progress Place, Out of the Cold, St. Andrews, Fred Victor Shelter, Loft, Massey Centre and PAL's Pantry. **Robin Hood Army** under the leadership of Prince Kumar and Lori Brazier, worked with CSC and members of our Club to enrich the shelters and agencies with donations of food from several restaurants in the city. A new program which is gaining momentum.

Our **Indigenous Service Committee** under the direction of Chair Emre Yurga, donated to the Water First Internship, is working on reconciliation and taking on projects with previous Residential Schools. Members of the Committee also attended the 20th Annual Native Child and Family Services of Toronto (NCFST) Pow Wow in September. The acknowledgment of territorial lands of Indigenous people of Canada has become standard at our weekly lunches.



Lake Scugog Camp Weekend, taking direction from our "Boss" Susan Howson, went off without a hitch. Much work was completed again to make the camp ready for the young campers in the summer. As always, a wonderful way to give

back and share your talents, whether it be building, sorting, cooking, painting and more. A weekend of friendship!

Chris Snyder, long-time member of our Club, was proud to unveil his book, "Creating Opportunities- a Volunteer's Memoirs" on May 1st. Congratulations Chris!

Member **June Brown** was honoured for 25 years of service with the Children's Aid Society. Congratulations June! What a milestone.

When devastating floods hit Houston, and other parts of the United States, followed by devastation in the Caribbean, our Club's Foundation immediately assisted with a donation of \$15,000 to ShelterBox Canada. We then matched member donations of \$19,000 which gave us another \$38,000. This total of \$53,000 to ShelterBox Canada was given to assist where needed, as there were also other areas of weather related disasters at the same time (Gulf Coast, Nepal, Bangladesh, and the Caribbean - Hurricane Harvey, Irma and Maria). Thank you to all who donated to this cause.

In **Fellowship** we celebrated the 100th birthday of Elgin Coutts, long time member and Past President 1974-75 with a round of best wishes videoed taped for him as he could not attend. Mr. Coutts has always been known for his eloquence, being witty and his high degree of integrity.

We continued to work closely with our **District 7070** on projects and events. We supported the Foundation Walk in September, the Foundation Dinner in late fall, and the Aids Walk in April; several members and spouses attended the District Conference in Niagara on the Lake in October and also attended the District Assembly in May.

And, with all the above activity, we were the Host Club for **Rotary International Convention 2018!!** Several members of our Club were on the Host Organizing Committee (Lorraine Lloyd, Dawn-Marie King, Don Bell, Jackie Davies, Ross Amos, Alanna Scott, DG Neil Phillips, yours truly, and of course, our great leader, Michelle Guy!!) We had help from Rotarians from 7070 and several other districts, and it was a wonderful joint effort. Most of our members were involved in some way, as volunteers, hospitality hosts and in every way possible. From registration on Friday to closing on Wednesday our members were everywhere. We

welcomed over 25,000 Rotarians to Toronto, with it being touted as one of the most successful!! Thank you to everyone for making this a great party!!

As I pass the gavel on to Jeff Dobson, I am proud to say that it was an amazing year; change is happening, slow but sure and with it always a few challenges. Change is good but doesn't alter our commitment to humanity and issues within our community. With the Club in Jeff's hands, we will continue to move onward. I am pleased to see many new members; club demographics are changing, with young people feeling the need to give back. This bodes well for our 106th year Club's future.

Thank you to my Board of Directors - you have worked tirelessly this year to accomplish our goals. It was indeed a very busy year, with changes, and challenges, plus the RI Convention, but we accomplished much. Thank you to Jeff Dobson, Incoming President and Kevin Power, Vice President for their unwavering support, assistance and especially your friendship. A special thank you to Carol Hutchinson, Executive Director, and Belliappa Teetharmada, Accountant, for your extraordinary work. You two are amazing!! I truly enjoyed working with you this year and will always cherish our friendship.

To all the wonderful and supportive members, spouses and volunteers, it is you who make this Club what it is, a great club working to serve the community and the world at large. I am grateful to you for your support and commitment to "Make a Difference".

Thank you for giving me the honour and privilege to serve as your President for 2017-18. It was indeed a wonderful year and one that will be always fondly remembered.

Sincerely,

A handwritten signature in cursive script that reads "Pat Neuman".

Pat Neuman
The Rotary Club of Toronto
President, 2017-2018

THE ROTARY CLUB OF TORONTO

Organized on November 28th, 1912, as Club No. 55

OFFICERS

President: Patricia Neuman
President Elect: Jeffrey Dobson
Vice President: Kevin Power
Treasurer: Rick Goldsmith
Secretary: Carol Hutchinson

DIRECTORS

Don Brooks
Alex Brown
Glenn Davis
Bill Empey
John Farrell
John Fortney
Prince Kumar
Mary Lach
Binoy Luckoo
John Joseph Mastandrea
Kevin Power
Barbara Thomson

Immediate Past President: Susan Hunter

Indigenous Service Committee

The **Truth and Reconciliation Commission** has renewed our Calls to Action by calling upon Canadians, individually and/or corporately, to undertake the necessary steps in favor of reconciliation with indigenous people. This action is a strong challenge that lies at the core of the Indigenous Service Committee's work.

In this respect, we have undertaken the financing of several important projects that had been developed in various meetings held with the Rotary Club of Toronto in late 2017 and in the first half on 2018.

The Committee had accepted the request from **Honoring Indigenous People (HIP)** to provide immediate funding of 5,000.00 CAD in order to assist in the transportation of 18 pallets of supplies to the First Nations Communities in the North (goods to be shipped included donations of winter clothes and sports equipment that were urgently needed). It was funded from the Committee's annual budget with an additional 933.33 CAD remaining in the Committee budget (after allowing for the canoe trip support) was given to **HIP** in order to cover convention costs of honorariums for participants due to the limited funding by RI Convention.

On the other hand, after an appeal was made for funding to assist indigenous and non-indigenous youth on a canoe trip planned for the summer, the Committee provided a cheque of 3,000.00 CAD from the budget for the financing of the project "**Paddling for Truth and Reconciliation**" which was a joint effort of Mushkegowuk Council in Timmins, Camp Wabum, Camp Pathfinder and HIP, in which 14 indigenous and 14 non-indigenous youth spent ten days on the Albany River.

Also, the Committee has undertaken the **Water First** project by providing the funding of 2,400.00 CAD for the training that has been carried out in Manitoulin over an 18-month period and intensive one-week training period was provided 7-8 times during the course. The balance of the training has been undertaken at the home water treatment plants. The Committee supported three interns in this project. The Federal Government has covered most of the travel cost. The training has been carried out on Manitoulin Island where most of the candidates lived thus the travel costs were minimal. This donation has been taken from the Committee's annual budget.

The Committee supported the **VIBE Arts** project which had Native youth and local artists prepare large murals for display around Toronto during the RI Convention. It selected artists in collaboration 7th Generation Image Makers that has been an Arts and Mural Program for at the Native Youth Resource Centre in downtown Toronto since 1995 and run from January 17 to March 31, Wednesday evenings from 5:30 - 7:30 pm.

Posters prepared by Indigenous artists and partly funded by the Club were complete and ready for printing and installation at the Ossington and or Christie TTC stations in advance of the RI Convention

The Program Facilitator and the Arts Assistant were both Indigenous Artists that have previously worked with 7th Generation. RCT participation included the Community Services and Youth and Children's committees. These two committees, along with Indigenous Services, have contributed 1,666.67 CAD in total. NCFST was partnering in the project and the Committee asked for quarterly reports on the progress of the work. Once the program was completed at the end of March, the murals were returned to VIBE Arts to be professionally photographed and varnished in April. We have sent you the digital files of the murals by the end of April. Posters prepared by Indigenous artists and partly funded by the Club were complete and ready for printing and installation in the selected TTC stations in advance of the RI Convention. Thus, in May, the murals were sent to Pattison with a request that they be put in a station closest to the program location (in this case, Christie or Ossington. station). Murals were in the TTC by June to coincide with the Conference and were taken down at the end of July.

And finally, after the discussion with the **First Nation School** regarding their needs, the Committee voted to donate 2,000.00 CAD for the purchase of food to help them to facilitate the purchase of food related to the School Lunch program in order to provide food supplies for 74 families of elders and students in the community and continue their aid and continued their efforts to secure a food donation from Metro. Also, the said school requested help for preparing lunches to send home with the children during March break and the summer months, which were all met by the Committee by seeking out potential contributions. The Committee is also considering some plans for a Career Day event in the fall.

The Indigenous Service Committee has a strong and deeply rooted belief that our reconciliation with Canada's indigenous people must start with children and youth, by providing them with all the necessary means in order for them to lead fruitful and happy lives.

Emre Yurga, Chair

International Service Committee

The focus of the International Service Committee is to assist marginalized people in the developing world. The committee pays particular attention to projects that fall within Rotary International's six areas of focus. These are:

- Promoting peace
- Fighting disease
- Providing clean water, sanitation, and hygiene
- Saving mothers and children
- Supporting education
- Growing local economies

Projects are done in partnership with Canadian Registered Charities, other Rotary Clubs, both locally and in the developing world, and with financial assistance from Rotary International.

2017-2018 Highlights

Following upon our successes in 2016-2017, ISC saw a number of projects come to fruition. Most importantly was the Global Grant we undertook in partnership with the Rotary Club of Bombay Airport to build toilet blocks for girls in rural India. The first phase of this project has been initiated and will see 24 toilet blocks built which dovetails in with our mandate to provide clean water, sanitation, and hygiene as well as supporting education as without access to these facilities many girls would not continue going to school. ISC is now exploring the option to take on the second phase of this project which will see many more toilet blocks built.

Another major endeavour that ISC took on over the past year was to help facilitate a Club member's private donation of solar panels to a school in Ghana that ISC had previously provided funding for. After a long process of obtaining the necessary permits and documentation, the solar panels are in Ghana and are being installed at the school. This will provide a secure source of electricity to the school that otherwise would not be possible. Again this relates directly with our mandate in focussing on supporting education and growing local economies.

ISC also continues to focus on projects where a relatively small donation on our part can be leveraged into big dollar amounts thereby making a more meaningful impact on the projects we choose to support. In addition to the projects above, we supported the following:

- C\$3,200 to Hope School Kenya to build underground water storage for reserve/irrigation for the school.
- U\$3,000 + expenses to Ukrainian Association for the Blind. This was part of a Global Grant championed by the Alliston Rotary club.
- C\$3,000 to the Canadian Landmine Foundation towards the EOD Team 5, a de-mining team, in Cambodia.
- C\$3,900 to the Kuenzi Foundation to build a dormitory in Zambia.
- C\$2,000 grant to be given to the Rotary Club of Batticaloa in Sri Lanka to build toilets in a remote village.

- C\$2,000.00 to the Rotary Club of Uxbridge for the Adolescent Peer Support Pilot project in Malawi.

I wanted to say thanks to all the members of the International Service Committee who helped over the course of the past year to make impactful decisions that will better the lives of people in the developing world. Specifically, Jeff Dobson, Lawrence Foerster, Saleem Kassum, David Libby, Errol Pauliculle, CJ Shah, Peter Simmie, and Chris Snyder. A special word of thanks is reserved for Derek Matisz who for the majority of the year was a diligent and efficient minute taker. As well as Andrea Tirone who as our Vice-Chair was quick to jump in and lend support and leadership whenever needed. The committee will be in good hands with Andrea at the helm. Maureen Bird who's knowledge of Global Grants, Agency Agreements and money transfers is second to none. This committee would be nowhere without her tenacity and knowledge. Finally, a thank you to our Club Board Liaison, Prince Kumar, who ensured that ISC's voice was heard at the Board level and all of our hare-brained schemes were presented in a fair manner.

John Farrell, Chair

Marketing and Communications Committee

The MCC has been busy at work this year on the following initiatives:

- 1) Social Media - Rudy Haddad, Marcy Berg and John Fortney have done a great job maintaining our presence on Twitter and Facebook, updating them with weekly speaker and meeting information as well as current Rotary related news and content.

- 2) The Voice - Special thanks to Maureen Bird for so capably leading the Voice team. Maureen along with her team of committed editors and guest writers ensure that the general Club membership remain informed about Club happenings on a weekly basis, which is a time intensive and often thankless undertaking. We can't thank the entire Voice team enough for their ongoing efforts. This team includes:
Maureen Bird
John Andras
Don Bell
Brigitte Bogar
Lorna Johnson
Brian Porter
Karen Scott
Carolyn Purden

- 3) Making A Difference Inserts - Thank you to the various Committee Chairs and in particular to Luzita Kennedy of the Research & Appeals Committee who have provided monthly content for the inserts. They would not be possible without your contributions and they provide a special opportunity for the general membership to understand the various Committees' accomplishments.

- 4) Website Redesign Initiative - Which I will elaborate on shortly.

Before I do that, I'd like to acknowledge the contributions of all of the Marketing and Communications Committee Members: Rudy Haddad, Marcy Berg, Arash Shahi, Maureen Bird, and our Board Liaison John Fortney.

If you speak with any of these members you will find out the important work that the MCC is doing for the Club and we are currently looking for new Committee members to join this dynamic team. If you are interested, please contact me to visit one of our meetings or get more information as there will be many opportunities to contribute and build on our current momentum next year.

Now, back to the website.

It's no secret that the Club website was in need of a facelift, so at the beginning of this year the MCC approached the Club Executive with the idea of undertaking it now, prior to the RI Convention when hopefully we will get additional traffic. Our proposal was approved, which brings us to today. We have completed the first phase of the process, which has focused on building a new home page and navigation menu and updating the look of the entire site.

The new homepage focuses on:

- The key messages we are trying to communicate to our main audiences of the public, prospective new members, prospective sponsors and Club members.
- Articulating the amazing impact we have through the work that we do.
- Clearly communicating the key tenets of Rotary and the vibrancy of this Club and all of the amazing opportunities and experiences we can enjoy as members.
- Improving ease of navigation by allowing visitors to quickly and easily find the information that they are looking for.
- Being mobile friendly, so it renders well on mobile devices.

A new communications intake form has been created and linked to the Marketing and Communications Committee (MCC) website page where you can submit content you'd like publicized by the MCC.

The next phase of the process will involve continuing to update the website content and tidying up the sub-pages. This will be an on-going task. Thank you to all of the members who responded to our requests to date to provide updated content. For those of you who haven't had the opportunity to do so yet, I hope that seeing the refreshed site will inspire you to submit content. Upon reviewing the site, if you would like to make suggestions for new or updated content, please contact Carol to coordinate this.

In closing, thank you to the Club Executive and particularly to President Pat and President Elect Jeff for their support of the website initiative from the beginning. A special thanks to MCC member Arash Shahi and Carol Hutchinson, both of whom have been instrumental in getting the redesign to this point.

Heather Gordon, Chair

Scholarship Committee

Our Scholarship Program is having a very significant, positive impact on the seven young adults who have been awarded scholarships since the program started in 2012. The recipients are involved in human resources, labour law, education, computer science, neuroscience, business and medical technology.

The scholarship, of up to \$10,000 a year for four years, is open to outstanding students graduating from a TDSB or TCDSB secondary school who will be attending a College or University in the Greater Toronto Area.

The winners had to demonstrate financial need, academic excellence, leadership, school involvement and community service. This scholarship program has made university education possible for impressive young people who might not otherwise have been able to continue their studies due to financial circumstances.

In addition to the financial support, one member of the Scholarship Committee takes on a very important and gratifying mentorship role with each student throughout their undergraduate years. This is invaluable for the student who is making the often difficult transition to post-secondary education, perhaps without appropriate role models. With the mentor's support, these students become ambassadors for Rotary and volunteer at Club events such as our annual Children's Christmas Party and the recent RI 2018 Convention.

This past year the Committee reviewed and made changes to the student Application and other scholarship documents. It also provided content for this June's Making a Difference publication which featured our scholarship program.

We appreciate our contacts at the TDSB and TCDSB who distributed the applications this past February to students through their network of school guidance counsellors. The Committee reviewed the applications received and interviewed a short list of students. The selected winner this year was Maryam Ali who will be studying Biomedical Engineering at Ryerson University. Maryam will be introduced to the Club at our Scholarship Luncheon on September 14, 2018. Her Committee mentor is Mary Bennett.

My thanks to the members of the Committee – Barbara Thomson, Charles Dillingham, Mary Bennett, Richard White, Rotaractor Sarah Hui and our Liaison Director, John Joseph Mastandrea – for their work and commitment to current and future scholarship recipients.

Don Brooks, Chair

Senior Citizens` Committee

The Senior Citizen`s Committee meets once per month from September to June.

I want to thank its members: Mary Lach, Richard White, Rick Goldsmith, Don Brooks, Maureen Bird, Jack Robertson, Krystyna Benyak, Lorraine Lloyd, Chand Chandaria, Ross Amos, John Platts and James Braitwaite. A special thank you to our Liaison Director, Alex Brown.

Our mandate is to improve the quality of life for disadvantaged seniors through support services and programs. The Committee will also identify and research meaningful senior`s projects in the community, and provide grant requests to utilize funds that the Foundation has isolated for seniors projects.

The multi-year, multi-vehicle grant program with SPRINT (TORONTO RIDE) has completed its first year of partnership. A cheque of \$101,000 was presented to them last October 2017. TORONTO RIDE is a collaborative partnership of 13 non-for-profit, community support service agencies that provide assisted door-to-door transportation for seniors 55+ and adults with disabilities. This transportation service allows seniors to continue to live independently by offering equitable access to health care, Adult Day Programs as well as home care and Meals on Wheels.

The Annual Senior`s Christmas Party, once again was held at the Royal York Hotel with great success and fun fare. Senior guests were from Second Mile Club, Kensington Gardens, Fudger House, Salvation Army, Yonge Street Mission, Little Trinity Church, The Church of Resurrection, Sunshine Centre for seniors and, new this year, SPRINT. 200 shut-in or housebound seniors on low income attended. Guests were entertained by Rotarians – carolling, John Wanless grade 6 Chamber Choir and a visit from Santa. Many generous Rotarians provided transportation, supported the “take a senior to lunch” program, donated towards the generous gift bags and volunteered their time/talent to make it the success it was.

In February, a meeting was conducted by the Chair and Mary Lach with the Senior Mile Club representatives to clarify our expectations and role. The SMC is a long-standing partner and since their merger with Kensington Health, communication needed to be improved. It was also decided that their number of guests, at the annual Christmas party, would be reduced by 20 to allow guests from other agencies with whom we work with to be included. Finally, the annual picnic took place on July 19 because of the Rotary convention.

Our philanthropic budget of \$10 000.00 was spent as follow:

- \$1000 to Davenhill Senior Living, a not-for-profit retirement community for over 200 seniors, for their Seniors` Assistance Fund.
- \$1000 to St. Matthew's Bracondale House, a privately-owned, non-profit apartment building for individuals 65 and older, for their Holistic Wellness program.
- \$3500 to LOFT, the agency overseeing 416 Community Support for Women, for a new kitchen Sanitizer.

- \$4500 to Sistering, a multi-service charitable organization offering assistance to women age 16 to 80+, for their Creative Sewing program.

The one challenge facing the committee is succession planning. This year, we did not have a Vice-chair or a Secretary. Instead, it was decided to rotate the Secretary role amongst the members. Each was assigned a month to be Secretary and this formula worked well for all. Bringing new members is crucial but so is giving them the time to integrate and feel at ease to take on a leadership role.

Anny-Sandra Hamel, Chair

Women's Initiatives Committee

We had a very productive year.

During this term we were pleased to receive a grant for the Immigrant Women's Integration and Leadership Program (IWIP) of \$50,000.00. This will assist IWIP in building a virtual and interactive classroom to reach even more women and families to bring knowledge to them of community programs in the downtown core and nearby. The award was presented on International Women's Day at The National Club. Our Speaker that day was Paulette Senior President and CEO of the Canadian Women's Foundation. This was a proud day as WIC was acknowledged not only by the speaker but by the Club for our innovative projects and approach in the city with the backing of course of The Rotary Club of Toronto.

We had on site visits in this term with Interval House to see where our \$7,500.00 grant helped in the shelter. We supported Walk a Mile in Her Shoes with more funding and raised dollars from club members and more walkers. This grass roots movement is now global in the education of men and boys to end violence against women. We in our continuation of review of our Symposium partners from 2017 reached out to Elizabeth Fry. We had onsite visits in December and another meeting with our committee in January 2018. We decided to support their Talk and Listen Support Line. This is a niche product for a very special group of women and at a time in their lives where there is little to support them. We want to give this a more in depth analysis in 2018/2019.

We also supported Red Door (women and children) Shelter with a \$3,500.00 grant to assist in their Moving Program. This transitions women and children to their new home. Every dollar counts here as this is a constant part of their program.

Our members Chantelle McDonald (outgoing Chair), Marcy Berg, June Brown, Marg Stanowski, Heather Hetherington, Suzanne Boggild, Joyce Westlake, Jane FitzGerald (Secretary) kept our committee energized and ready for 2018 challenges. Mary Lach served as our dedicated Board Liaison.

Jane FitzGerald, Secretary

Youth and Children`s Service Committee

Our Mandate: The committee focuses on the health, education, abuse and neglect, social development and life enrichment of youth and children in our community. Our Membership: The success of our 2017-2018 year is attributable to our dedicated members and friends of Youth and Children`s Service (YCS). A special thank-you to our members for playing an active role in all initiatives: Lorraine Lloyd (Chair of the Children`s Christmas Party subcommittee), Jeff Dobson, Brent Thomas (Chair of Youth Initiatives subcommittee), Barbara Thomson (Board Liaison), Derek Matisz (Secretary), Mary Bennett (Youth Civic Leadership Awards Chair) Annie Chu (Youth Exchange Program Liaison), Kerry Bowser (Healthy Beginnings Lead), Krystyna Benyak (friend of YCS), Catherine Woodford (Rotaract Club of Toronto representative), Prince Kumar, Edvard Ryder, Anthony Siu (Ryerson Rotaract Club representative), Stephanie Kroone (University of Toronto Rotaract Club representative).

Our Sub-Committees: We thank all our sub-committee members and volunteers for making a difference in impacting the lives of the youth and children of our community. The sub-committees include – Children`s Christmas Party, Youth Exchange, Youth Leadership Expo, Youth Civic Leadership Awards and Youth Day Luncheon. A special thanks to all the members of The Rotaract Club of Toronto, The Rotaract Club of University of Toronto and The Rotaract Club of Ryerson who have provided immense support to our projects.

2017-2018 Highlights:

Annual Children`s Christmas Party – in its 88th year, this amazing event has become a trademark at the Royal York Hotel and touches the hearts of so many wonderful children, youth, parents, volunteers and community organizations. With a \$20,000 budget provided from the philanthropic fund and supplemented with the proceeds from the silent auction at the Rotary Club Christmas party the sub-committee provided a festive experience to over 200 children with various abilities. In total about 700 guests enjoyed the music, arts and crafts, storytelling and Santa visit.

Annual Youth Day Luncheon and Youth Civic Leadership Awards (YCLA) – High school students from the City of Toronto with the help of their guidance counselors and teachers apply for these awards. We experience so many amazing and inspiring student applicants. The award recipients and finalists were recognized during our Rotary Youth Day Luncheon. Congratulations to the award recipients: Taylor Dallin, Alice Cheng, Emily Tu and Julia Menezes.

Youth Leadership Expo – The 6th annual expo slated for May 2018 was postponed (with Board approval) to October 2018. After consultation with the Toronto School Boards, it was determined that April and May is a very busy time in the school year when a lot of activities like sports and exam preparations are going on and that the fall would be a better time of year to hold the expo. An initial deposit to hold the venue was spent and the remainder of the budget was returned to the

Philanthropic fund (\$2486.90). Our Healthy Beginnings team supported many charities and initiatives with a total giving of \$9,022.45.

Our focus for grant giving was improving youth mental health and we had several applications to review to award our two grants of \$9,000 and \$3,000. The grants were awarded to Dr. Jays Grief Centre and Shift Happens respectively.

The Dr. Jay Children's Grief Centre objectives are directed at increasing the self-efficacy of children, youth and families by supporting the development of coping and communication strategies to preventing enduring, negative impacts of early loss and traumatic grief. One of the key factors to facilitate healing is to increase exposure to medical play to reduce the anxiety and fear children face when exposed to unfamiliar experiences in hospital and hospice settings. Our grant funding went to equipping a medical play space with the following real life pieces of medical equipment: hospital bed, IV bags and stand, sphygmomanometer, soft foam sculpted blocks and mats to create and mimic spaces. This helps children to prepare for difficult life transitions so that precious moments can be best used to connect and share.

Shift Happens is a group of professionally certified coaches who provide evidence-based coaching specifically for youth and young adults aged 12 to 25 to vulnerable clients from low-income and high-priority neighbourhoods facing barriers in their lives. Our grant funding provided a 10 week program to the girls of Regent Park, in collaboration with Toronto Police Services 51 Division. The program was offered to 12 girls in Grades 6 to 8 (ages 12 to 14) from the Fit Club, Lord Dufferin Public School, Toronto. The project gives at-risk youth the opportunity to reconnect with their true selves, change the way they interact with others, and have an opportunity to move into leadership positions within a safe environment.

VIBE Arts Project - In collaboration with the Indigenous Committee and the Community Services Committee we sponsored a VIBE Arts Mural for the 2018 Rotary International convention. The Mural was in partnership with 7th Generation Image Makers at the Native Youth Resource Centre and was showcased at the Ossington Subway station for the month of June.

Youth Exchange Program – Our committee had the opportunity to sponsor a student from France through the Youth Exchange Program. Antoine Rys had an opportunity to live with two of our Rotary families, Anny-Sandra Hamel and Catherine Lloyd. Antoine participated in many of our club functions and is already missed by his Rotary families. We sincerely thank Anny-Sandra and Catherine for hosting Antoine and enriching our lives by getting to know him.

With a short hiatus during the convention, the YCS Committee wrapped up our year with our annual potluck celebratory event on the rooftop gardens of Carrot Commons.

Dawn-Marie King, Chair

Financial statements of The Rotary Club of Toronto

June 30, 2018

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Independent Auditor's Report

To the Members of
The Rotary Club of Toronto

We have audited the accompanying financial statements of The Rotary Club of Toronto, which comprise the statement of financial position as at June 30, 2018 and the statements of operations and changes in fund balances and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Rotary Club of Toronto derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of The Rotary Club of Toronto. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, (deficiency) excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2018 and June 30, 2017, current assets as at June 30, 2018 and June 30, 2017, and fund balances as at June 30 and July 1 for both years. The opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Rotary Club of Toronto as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The statement of financial position as at June 30, 2017 and statements of operations and changes in fund balances, and cash flows for the year then ended were audited by another auditor who issued a qualified opinion on October 18, 2017.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants
November 21, 2018

The Rotary Club of Toronto

Statement of operations and changes in fund balances

Year ended June 30, 2018

| | Notes | Operating Fund | Philanthropic Fund | Total 2018 | Total 2017 |
|--|-------|----------------|--------------------|----------------|------------|
| | | \$ | \$ | \$ | \$ |
| Revenue | | | | | |
| Lunch plan | | 153,566 | — | 153,566 | 168,205 |
| Membership dues | | 120,129 | — | 120,129 | 123,518 |
| Miscellaneous | | 17,080 | — | 17,080 | 22,592 |
| Entrance fees | | 3,000 | — | 3,000 | 2,400 |
| Restricted donations (Schedule 1) | | — | 282,753 | 282,753 | 204,605 |
| Donations from Rotary Club of Toronto Charitable Foundation | 5 | — | 136,246 | 136,246 | 144,000 |
| Funds raised by Special Events Committee (Schedule 1) | | — | 171,324 | 171,324 | 166,408 |
| Investment income | | — | 21,360 | 21,360 | 58,409 |
| Other donations | | — | 30,252 | 30,252 | 27,720 |
| | | 293,775 | 641,935 | 935,710 | 917,857 |
| Philanthropic expenses | | | | | |
| Committee activities (Schedule 1) | | — | 115,162 | 115,162 | 120,515 |
| Restricted projects (Schedule 1) | | — | 282,753 | 282,753 | 204,605 |
| Special events (Schedule 1) | | — | 114,223 | 114,223 | 111,214 |
| Donation to Rotary Club of Toronto Charitable Foundation | 5 | — | 73,209 | 73,209 | 78,838 |
| General | | — | 3,853 | 3,853 | 7,956 |
| | | — | 589,200 | 589,200 | 523,128 |
| Operating expenses (Schedule 2) | 10 | 523,162 | — | 523,162 | 489,986 |
| Recovery from Rotary Club of Toronto Charitable Foundation | 5 | (115,000) | — | (115,000) | (115,000) |
| | | 408,162 | — | 408,162 | 374,986 |
| (Deficiency) excess of revenue over expenses before undernoted Recovery of operating expenses - RI Convention 2018 HOC | 10 | (114,387) | 52,735 | (61,652) | 19,743 |
| (Deficiency) excess of revenue over expenses | | (89,387) | 52,735 | (36,652) | 19,743 |
| Fund balances, beginning of year | | 171,556 | 606,398 | 777,954 | 758,211 |
| Inter-fund transfer | 8 | 68,000 | (68,000) | — | — |
| Fund balances, end of year | | 150,169 | 591,133 | 741,302 | 777,954 |

The accompanying notes are an integral part of the financial statements.

The Rotary Club of Toronto
Statement of financial position
As at June 30, 2018

| Notes | Operating Fund | Philanthropic Fund | Total 2018 | Total 2017 |
|----------------------|--|-----------------------|----------------|---------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Current assets | | | | |
| | 4,254 | 118,304 | 122,558 | 163,512 |
| | Cash | | | |
| | Loan receivable from RI | | | |
| 10 | 25,000 | — | 25,000 | — |
| | Convention 2018 HOC | | | |
| | 17,719 | 3,945 | 21,664 | 17,317 |
| | Accounts receivable | | | |
| 3 | — | 781,632 | 781,632 | 727,283 |
| | Investments | | | |
| | 9,613 | 2,000 | 11,613 | 11,330 |
| | Prepaid expenses | | | |
| | 140,491 | (140,491) | — | — |
| | Inter-fund balance | | | |
| | 197,077 | 765,390 | 962,467 | 919,442 |
| Liabilities | | | | |
| Current liabilities | | | | |
| | 39,137 | 54,302 | 93,439 | 87,245 |
| | Accounts payable and accrued liabilities | | | |
| 4 | | | | |
| | 6,073 | 320 | 6,393 | 4,665 |
| | Due to Foundation | | | |
| 5 | | | | |
| | — | 119,635 | 119,635 | 45,998 |
| | Deferred contributions | | | |
| 5 | | | | |
| | 1,698 | — | 1,698 | 3,580 |
| | Deferred revenue | | | |
| | 46,908 | 174,257 | 221,165 | 141,488 |
| Fund balances | | | | |
| | — | 7,493 | 7,493 | 18,150 |
| | Internally restricted for designated projected | | | |
| 7 | | | | |
| | 150,169 | 583,640 | 733,809 | 759,804 |
| | Unrestricted | | | |
| | 150,169 | 591,133 | 741,302 | 777,954 |
| | 197,077 | 765,390 | 962,467 | 919,442 |

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors

_____, Director

_____, Director

The Rotary Club of Toronto

Statement of cash flows

Year ended June 30, 2018

| | 2018 | 2017 |
|--|------------------|----------|
| | \$ | \$ |
| Operating activities | | |
| (Deficiency) excess of revenue over expenses | (36,652) | 19,743 |
| Items not affecting cash | | |
| Realized gains on sale of investments | (5,464) | (794) |
| Unrealized gains on investments | (10,363) | (34,998) |
| | (52,479) | (16,049) |
| Change in non-cash working capital items | | |
| Accounts receivable | (29,347) | (1,435) |
| Prepaid expenses | (283) | (8,625) |
| Accounts payable and accrued liabilities | 6,194 | 31,176 |
| Due to Foundation | 1,728 | 3,223 |
| Deferred contributions | 73,637 | (6,313) |
| Deferred revenue | (1,882) | 660 |
| | (2,432) | 2,637 |
| Investing activities | | |
| Proceeds on sale of investments | 162,211 | 139,278 |
| Purchase of investments | (200,733) | (59,318) |
| | (38,522) | 79,960 |
| (Decrease) increase in cash during the year | (40,954) | 82,597 |
| Cash, beginning of year | 163,512 | 80,915 |
| Cash, end of year | 122,558 | 163,512 |

The accompanying notes are an integral part of the financial statements.

1. Nature of the organization

The Rotary Club of Toronto (the "Club") was incorporated without share capital under the laws of Ontario, and is a not-for-profit service club. Its members provide community services both locally and internationally. The Club is exempt from income taxes under Section 149 of the Income Tax Act (Canada) and is a registered charity.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Club are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue recognition and fund balances

The Club follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are incurred. No recognition has been given to pledges.

The Operating Fund reflects membership fees, lunch plan revenue and miscellaneous revenues, which are recorded as earned. Fees received in advance are deferred.

Revenue raised by the Club, which is designated to be used for philanthropic activities, including donations directed to other registered charities, is allocated to the Philanthropic Fund. Proceeds received for philanthropic events in advance are deferred and recognized when the event occurs.

Certain of the net assets of the Philanthropic Fund are internally restricted for use in designated projects as reflected in Note 7.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Club becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash and investments. The Club has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the Statement of operations and changes in fund balances.

The Club's financial instruments and their respective measurement are as follows:

| Asset/liability | Measurement |
|---|----------------|
| Cash | Fair value |
| Accounts receivable | Amortized cost |
| Investments | Fair value |
| Due to Rotary Club of Toronto Charitable Foundation | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations and changes in fund balances.

2. Summary of significant accounting policies (continued)

Contributed goods and services

Contributed goods and services are not recognized in the accounts as their fair value is not reasonably determinable.

Charity disbursement requirement

The Club is subject to the disbursement requirement set by the Canada Revenue Agency for Canadian charities, and as at June 30, 2018 was in compliance with this requirement.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

The Rotary Club of Toronto
Notes to the financial statements
Year ended June 30, 2018

3. Investments

| | 2018 | 2017 |
|---|----------------|---------|
| | \$ | \$ |
| Philanthropic Fund | | |
| Fixed income | | |
| iShares CDN S/T BOND ETF | 95,095 | 97,335 |
| B2B TR H/I IA-A/NL/N'FRAC | 81,069 | — |
| | 176,164 | 97,335 |
| Shares and trust units | | |
| Altagas Ltd | 21,713 | 23,744 |
| Arc Resources Ltd | 20,355 | 25,425 |
| BCE Inc | 53,220 | 58,400 |
| Canadian National Railway | 42,972 | 63,012 |
| Crescent Point Energy Corp | — | 4,960 |
| Emera Incorporated | 42,780 | 48,210 |
| Faircourt Gold Income-A | — | 16,695 |
| Great West Lifeco Inc | 28,962 | 31,473 |
| iShares SP/TSX CP MAT ETF | 13,870 | 38,302 |
| iShares Real EST 50 ETF | 38,738 | 12,470 |
| Masco Corporation | 29,503 | 59,530 |
| Pembina Pipeline Corp. | 45,510 | 42,910 |
| Royal Bank of Canada | 59,382 | 56,412 |
| Telus Corp | 42,021 | 40,293 |
| Toronto Dominion Bank | 53,249 | 45,724 |
| Wells Fargo Co | 51,037 | 50,366 |
| Scotiabank NVCC 5.5% SER-34 PFD | 24,254 | — |
| Royal Bank of Canada NVCC5.5%-BK PF | 24,466 | — |
| | 592,032 | 617,926 |
| Cash surrender value of life insurance policy | 13,436 | 12,022 |
| | 781,632 | 727,283 |

4. Accounts payable and accrued liabilities

| | 2018 | 2017 |
|--|---------------|--------|
| | \$ | \$ |
| Trade accounts payable and accrued liabilities | 88,017 | 87,245 |
| Government remittances payable | 5,422 | — |
| | 93,439 | 87,245 |

5. Rotary Club of Toronto Charitable Foundation

The Club's operations and philanthropic activities are supported by the Rotary Club of Toronto Charitable Foundation ("Foundation"). The Foundation is a charitable foundation and is exempt from income taxes under Section 149 of the Income Tax Act (Canada). Its primary mission is to fund charitable programs and activities in the City of Toronto, with the primary focus on downtown Toronto. The Foundation supports charitable organizations whose work directly benefits the quality of life in Toronto for children, youth, seniors and indigenous people, as well as disadvantaged and marginalized groups who are most vulnerable to the economic, social or environmental challenges of an urban environment, including the homeless, recent immigrants and the poor. It may, on occasion, support registered Canadian charities in relation to international projects and activities, or in providing disaster relief. The Foundation may also support charitable organizations whose work responds to the needs of the indigenous communities outside of Toronto, primarily within the Province of Ontario. The Club is related to the Foundation as a result of shared management and given Board of Director members are drawn from the same membership.

The balance of \$6,393 due to Foundation (\$4,665 in 2017) relates to the net proceeds from committee and special event activities of the Club. This balance is non-interest bearing and is due on demand.

During the year, the Philanthropic Fund of the Club received unrestricted donations from the Foundation in the amount of \$136,246 (\$144,000 in 2017) recognized as donations from Rotary Club of Toronto Charitable Foundation.

During the year the Philanthropic Fund of the Club received and deferred restricted funds from the Foundation in the amount of \$96,710 (\$84,752 in 2017).

In addition, the Operating Fund of the Club received \$115,000 (\$115,000 in 2017) from the Foundation as reimbursement of administration services provided.

The Club approved and made a donation to the Foundation of \$73,209 (\$78,838 in 2017), being the surplus from annual fundraising events.

6. Deferred contributions

Deferred contributions in the Philanthropic Fund represent unspent externally restricted donations, as follows:

| | 2018 | 2017 |
|---|------------------|-----------|
| | \$ | \$ |
| Balance, beginning of year | 45,998 | 52,311 |
| Donations received and deferred | 357,001 | 198,292 |
| Donations disbursed and recognized as revenue | (283,364) | (204,605) |
| Balance, end of year | 119,635 | 45,998 |

7. Internally restricted for designated projects

| | 2018 | 2017 |
|---------------------------------|------------------|-----------|
| | \$ | \$ |
| Fund balance, beginning of year | 18,150 | 12,201 |
| Amounts restricted | 106,246 | 144,000 |
| Expenses | (116,903) | (138,051) |
| Fund balance, end of year | 7,493 | 18,150 |

The Club's Board of Directors has designated funds to be used for undertaking special projects. The internally restricted net assets are not available for use without the approval of the Board of Directors.

8. Inter-fund transfer

The Philanthropic Fund transferred \$68,000 (\$68,000 in 2017) to the Operating Fund to account for shared operating expenses.

9. Financial instruments

The Club is exposed to various risks through its financial instruments. The Club's main financial instrument risk exposure is detailed as follows and remains unchanged from the prior year.

Concentration risk

The Club is subject to concentration risk as it maintains its cash balances at a high quality financial institution in Ontario which, from time to time, may exceed the insured amount of \$100,000 provided by Canadian Depository Insurance Corporation. As at June 30, 2018, the Club holds \$114,877 (\$91,750 in 2017) with its bank and \$7,681 (\$71,762 in 2017) with its custodian.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Club's main credit risks relate to its accounts receivable and accrued interest receivable and the bonds, included in investments. The Club manages this risk through proactive collection practices and by engaging the services of investment managers to manage its portfolio investments.

Liquidity risk

The Club's liquidity risk represents the risk that the Club could encounter difficulty in meeting obligations associated with its financial liabilities. The Club manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities.

9. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club is exposed to interest rate risk on the fixed income investments held in its investment portfolio, which subject the Club to fair value risk.

(b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. An amount of \$119,278 (\$148,198 in 2017), comprising approximately 15% (20% in 2017) of the Club's investments are denominated in US dollars. These amounts have been converted into Canadian dollars at the prevailing foreign exchange rate as of June 30, 2018. Consequently these assets are exposed to foreign exchange fluctuations.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Club is exposed to other price risk through its investments in publicly traded shares and bonds.

10. Loan receivable from RI Convention 2018 HOC

During the current year, The Club provided \$50,000, through its Operating fund, to The Rotary International ("RI") 2018 Host Organizing Committee ("HOC") in support of the Toronto held RI Convention 2018. This amount is included in Operating expenses. An amount of \$25,000 was repaid after the year end, and is included on the Statement of financial position as "Loan receivable from RI Convention 2018 HOC", and as "Recovery of operating expenses – RI Convention 2018 HOC" on the Statement of operations.

The Rotary Club of Toronto

Schedule 1 – Philanthropic Fund Revenue and Expenses

Year ended June 30, 2018

| | 2018 | 2017 |
|--|----------------|---------|
| | \$ | \$ |
| Fundraising by Special Events Committee revenue | | |
| Steam Whistle Dinner | 89,682 | 79,991 |
| Rotary Ribfest | 38,417 | 48,649 |
| Golf Day | 22,190 | 27,721 |
| Christmas Party | — | 4,724 |
| Ace of Clubs | 3,328 | 3,527 |
| Other Revenue | 17,707 | 1,796 |
| | 171,324 | 166,408 |
| Restricted donations revenue and related expenses | | |
| International Service | 247,473 | 115,568 |
| Fort McMurray Fire Relief | — | 41,401 |
| Scholarship Committee | 25,256 | 30,576 |
| Camp Scugog | 6,800 | 9,359 |
| Healthy Beginnings | — | 4,071 |
| Youth and Children Service | 2,299 | 1,970 |
| RI Challenge Walk | 925 | 1,660 |
| | 282,753 | 204,605 |
| Committee activities expenses | | |
| Community Service | 15,000 | 30,240 |
| Youth and Children Service | 30,000 | 27,785 |
| Indigenous Service | 15,000 | 15,000 |
| Women's Initiatives | 15,000 | 13,887 |
| Golf Day donation | 14,604 | 13,678 |
| Healthy Beginnings | — | 10,000 |
| Senior Citizens | 10,000 | 9,925 |
| Environment | 15,000 | — |
| Camp Scugog | 558 | — |
| | 115,162 | 120,515 |
| Special events expenses | | |
| Steam Whistle Dinner | 37,535 | 29,128 |
| Children's Christmas Party | 21,246 | 19,606 |
| Senior's Christmas Party | 21,607 | 19,499 |
| Rotary Ribfest | 17,355 | 16,796 |
| Golf Day | 9,351 | 14,043 |
| Other Projects | 4,890 | 12,142 |
| Assistance to Other Rotary Club | 2,239 | — |
| | 114,223 | 111,214 |

The Rotary Club of Toronto

Schedule 2 - Operating Fund Operating Expenses

Year ended June 30, 2018

| | 2018 | 2017 |
|-----------------------------------|----------------|---------|
| | \$ | \$ |
| Office | | |
| Salaries and benefits | 139,247 | 136,252 |
| Rent | 20,902 | 21,205 |
| Professional fees | 10,000 | 14,700 |
| Computer software | 12,499 | 12,398 |
| Maintenance and repair | 4,366 | 7,472 |
| Telephone | 6,288 | 5,059 |
| Miscellaneous | 14,663 | 5,791 |
| Insurance | 3,355 | 3,541 |
| Stationery, printing and supplies | 6,252 | 5,368 |
| Amortization of equipment | — | 795 |
| Bad debts | 1,815 | 1,435 |
| | 219,387 | 214,016 |
| General | | |
| Lunch plan costs | 173,662 | 181,192 |
| Conferences and conventions | 16,046 | 23,347 |
| RI Convention 2018 | 50,000 | — |
| Program and Friday meetings | 7,970 | 9,924 |
| Sundry | 8,317 | 12,088 |
| Fellowship events | 6,978 | 6,811 |
| Presentations and club awards | 2,000 | 256 |
| Badges, pins and banners | 1,676 | 1,906 |
| | 266,649 | 235,524 |
| Rotary communications | | |
| Printing | 12,298 | 14,373 |
| Postage | 265 | 289 |
| | 12,563 | 14,662 |
| Rotary per capital levies | | |
| Rotary International | 16,087 | 17,048 |
| District 7070 | 8,476 | 8,736 |
| | 24,563 | 25,784 |
| | 523,162 | 489,986 |

Rotary Club of Toronto Charitable Foundation



ROTARY CLUB OF TORONTO CHARITABLE FOUNDATION

ANNUAL REPORT 2017-2018



The Rotary Club of Toronto Charitable Foundation (Foundation) underpinned a busy year by striking a committee to review all aspects of the Foundation from the mission statement to our granting guidelines. In parallel with this process, the Foundation still reviewed more than 100 grant requests.

The committee determined that the mission statement needed updating to reflect the changes in City of Toronto geography and the City's diversity. The revised mission statement:

The Rotary Club of Toronto Charitable Foundation is an entity which supports the charitable endeavors of The Rotary Club of Toronto. Its primary mission is to fund charitable programs and activities in the City of Toronto, with the primary focus on downtown Toronto. The Foundation supports charitable organizations whose work directly benefits the quality of life in Toronto for children, youth, seniors and indigenous people, as well as disadvantaged and marginalized groups who are most vulnerable to the economic, social or environmental challenges of an urban environment, including the homeless, recent immigrants and the poor. It may on occasion support registered Canadian charities in relation to international projects and activities or in providing disaster relief. The Foundation may also support charitable organizations whose work responds to the needs of the indigenous communities outside of Toronto, primarily within the Province of Ontario.

The Investment Committee, which reports to the Foundation Board, also went under review with some procedures being changed. The investments are still being managed by a group of volunteers who are drawn from Club members due to their broad knowledge of economics, business and investment.

An Investment policy has been presented and approved. One of the criteria that the Investment Committee considers is that Canada Revenue Agency requires the Foundation to pay out 3.5 percent of its assets annually. Through its actions, the Committee has sustained a steady income flow that matches this requirement. Historically the Foundation grants more than the required 3.5 percent so the Committee must also, in a prudent manner, seek growth in the portfolio's capital and this Committee has managed to do. The 1951 seed of \$5,000 has grown to \$18,281,903 as at June 30, 2018, with very little in donations to assist with this growth. For the fiscal year of July 1, 2017 to June 30, 2018, the return was 5.7%.

The Foundation thanks the Investment Committee for their steadfastness and sage management in the difficult investment markets we experienced this year.

The Foundation believes in helping as many people as we can in the City of Toronto and prefers appeals that take a holistic and sustainable approach to helping those in need. We have been leaders and continue to be leaders in helping to solve the problems in the Toronto Community. The Foundation is known for supporting groups that need seed funding for special projects and community emergencies. The Foundation review also simplified the process for grant applications. All appeals, no matter who the source may be, are to be directed to the attention of the Executive Directors of the Rotary Club of Toronto (Club). Appeals that meet grant guidelines and have a completed grant form are then forwarded to the Research and Appeals Committee for review. Granting guidelines and an application can be found on the Rotary Club of Toronto website – <https://rotarytoronto.com/sitepage/granting-guidelines>

The Foundation thanks the Research and Appeals committee for their dedication and diligence in reviewing appeals

This year, the Foundation gave out \$627,980 in grants. \$200,000 was given to The Club to support the philanthropic committees. The philanthropic committees' advantage is their ability to grant funds to a charitable group that is not a registered charity. Another regular commitment of the Foundation is a grant of \$50,000 to Rotary International (Canada) to fight polio. Our research also determined that Shelter Box was an appropriate recipient of Foundation funds to relieve suffering from international emergency disasters. A list of grants that were given out from July 1, 2017 to June 30, 2018 is posted in this annual report.

In closing, I would like to ask you to consider the Rotary Club of Toronto Charitable Foundation as your charity of choice. Help the Foundation to continue to be the problem-solver for those in

need in the City of Toronto and in the world at large. I thank Past President Peter Love for his continued support and advice for this, my first year as President. I also thank our Executive Director Carol Hutchinson and the staff of the Rotary office for all they do.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Howson", with a long, sweeping flourish extending to the right.

Susan Howson
President

ROTARY CLUB OF TORONTO CHARITABLE FOUNDATION

Incorporated July 20, 1951, under the Laws of Ontario

OFFICERS

President: Susan Howson
Vice-President: Rick Goldsmith
Treasurer: Blair Spinney
Secretary: Carol Hutchinson

BOARD OF DIRECTORS

Jeffrey Dobson
Bill Empey
John Fortney
Luzita Kennedy
Prince Kumar
Mary Lach
Patricia Neuman
Kevin Power
Edward Ryder

HONORARY DIRECTORS

Susan Hunter
Peter Love
Brian C. Westlake
Richard White

ROTARY CLUB OF TORONTO CHARITABLE FOUNDATION

Background

Rotary Club of Toronto Charitable Foundation (Foundation) was incorporated in 1951 as a separate entity to provide a permanent legacy. It was started with seed money from members of The Rotary Club of Toronto (the Club).

Since it receives funds from Club members and others, the Foundation's registration with the Canada Revenue Agency classifies it as a public foundation (private foundations are usually established and funded by a single family). Typical of public foundations, the Foundation makes its donations to other registered Canadian charities and other qualified recipients, but does not directly do charitable work.

Mission Statement

The Rotary Club of Toronto Charitable Foundation is an entity which supports the charitable endeavors of The Rotary Club of Toronto. Its primary mission is to fund charitable programs and activities in the City of Toronto, with the primary focus on downtown Toronto. The Foundation supports charitable organizations whose work directly benefits the quality of life in Toronto for children, youth, seniors and indigenous people, as well as disadvantaged and marginalized groups who are most vulnerable to the economic, social or environmental challenges of an urban environment, including the homeless, recent immigrants and the poor. It may on occasion support registered Canadian charities in relation to international projects and activities or in providing disaster relief. The Foundation may also support charitable organizations whose work responds to the needs of the indigenous communities outside of Toronto, primarily within the Province of Ontario.

Values Statement

The Rotary Club of Toronto Charitable Foundation has adopted the following values:

- Excellence in fulfilling its mission and goals
- Highest ethical standards and adherence to accepted fundraising and granting practices
- Integrity and fairness in all undertakings
- Adherence to the guiding principles of Rotary including the four way test
- Excellence in the governance and administration of the Foundation's affairs
- Compliance with all regulatory and statutory requirements

Financial statements of
Rotary Club of Toronto
Charitable Foundation

June 30, 2018

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Independent Auditor's Report

To the Board of Directors of
Rotary Club of Toronto Charitable Foundation

We have audited the accompanying financial statements of Rotary Club of Toronto Charitable Foundation, which comprise the statement of financial position as at June 30, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Rotary Club of Toronto Charitable Foundation derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Rotary Club of Toronto Charitable Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2018 and June 30, 2017, current assets as at June 30, 2018 and June 30, 2017, and fund balances as at June 30 and July 1 for both years. The opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rotary Club of Toronto Charitable Foundation as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The statement of financial position as at June 30, 2017 and statements of operations, changes in fund balances, and cash flows for the year then ended were audited by another auditor who issued a qualified opinion on November 24, 2017.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants
December 7, 2018

Rotary Club of Toronto Charitable Foundation

Statement of operations

Year ended June 30, 2018

| | Notes | 2018 | 2017 |
|--|---------|----------------|-----------|
| | | \$ | \$ |
| Revenue | | | |
| Dividend income | | 572,992 | 525,639 |
| Realized gain (loss) on sale of investments | | 41,134 | (48,581) |
| Donations | 4 and 6 | 201,700 | 275,047 |
| | | 815,826 | 752,105 |
| Expenses | | | |
| Charitable donations | 3 and 4 | 628,580 | 953,922 |
| Administration and general | | | |
| The Rotary Club of Toronto | 4 | 115,000 | 115,000 |
| Professional services | | 13,787 | 13,080 |
| Premiums on life insurance policy | | 313 | 2,056 |
| | | 757,680 | 1,084,058 |
| Excess (deficiency) of revenue over expenses before the undernoted | | 58,146 | (331,953) |
| Unrealized gain on investments | | 406,391 | 916,898 |
| Excess of revenue over expenses | | 464,537 | 584,945 |

The accompanying notes are an integral part of the financial statements.

Rotary Club of Toronto Charitable Foundation

Statement of changes in fund balances

Year ended June 30, 2018

| | 2018 | | | | 2017 |
|--|------------------|------------------|------------------|------------------|-------------------|
| | Unrestricted | | Restricted | Cumulative | |
| | Jean K. Cowan | Rotary | Funds | Unrealized | |
| | Memorial Fund | Memorial Fund | (Note 6) | Gain on | |
| | | | | Investments | Total |
| | | | | Fund | Total |
| | | | | | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Fund balances, beginning of year | 2,822,108 | 3,666,791 | 4,491,603 | 7,390,866 | 18,371,368 |
| Excess (deficiency) of revenue over expenses | 54,204 | (54,306) | 58,248 | 406,391 | 584,945 |
| Fund balances, end of year | 2,876,312 | 3,612,485 | 4,549,851 | 7,797,257 | 18,371,368 |

The accompanying notes are an integral part of the financial statements.

Rotary Club of Toronto Charitable Foundation

Statement of financial position

As at June 30, 2018

| | Notes | 2018 | 2017 |
|--|-------|-------------------|-------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash | | 853,292 | 328,045 |
| Due from The Rotary Club of Toronto | 4 | 6,393 | 4,665 |
| Investments | 5 | 17,984,358 | 18,150,491 |
| | | 18,844,043 | 18,483,201 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 8,138 | 111,833 |
| Fund balances | | | |
| Unrestricted | | | |
| General Fund | | 2,876,312 | 2,822,108 |
| Jean K. Cowan Rotary Memorial Fund | | 3,612,485 | 3,666,791 |
| Externally restricted | | | |
| The Laughlen Trust Fund | 6 | 3,936,361 | 3,980,524 |
| Andrew & Michael Westlake Memorial Fund | | 148,665 | 90,853 |
| Pauline Hill Endowment Fund | | 61,989 | 52,562 |
| Andras Family Endowment Fund | | 387,032 | 352,159 |
| Gerry Nudds Endowment Fund | | 15,804 | 15,505 |
| Cumulative Unrealized Gain on Investments Fund | | 7,797,257 | 7,390,866 |
| | | 18,835,905 | 18,371,368 |
| | | 18,844,043 | 18,483,201 |

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors

 _____, Treasurer

 _____, Director

Rotary Club of Toronto Charitable Foundation

Statement of cash flows

Year ended June 30, 2018

| | 2018 | 2017 |
|---|--------------------|--------------|
| | \$ | \$ |
| Operating activities | | |
| Excess of revenue over expenditures | 464,537 | 584,945 |
| Items not affecting cash | | |
| Realized (gain) loss on sale of investments | (41,134) | 48,581 |
| Unrealized gain on investments | (406,391) | (916,898) |
| | 17,012 | (283,372) |
| Change in non-cash working capital items | | |
| Accounts payable and accrued liabilities | (103,695) | 100,138 |
| Due from The Rotary Club of Toronto | (1,728) | (3,223) |
| | (88,411) | (186,457) |
| Investing activities | | |
| Purchase of investments | (9,725,758) | (10,767,181) |
| Proceeds on disposal of investments | 10,339,416 | 10,779,525 |
| | 613,658 | 12,344 |
| Increase (decrease) in cash | 525,247 | (174,113) |
| Cash, beginning of year | 328,045 | 502,158 |
| Cash, end of year | 853,292 | 328,045 |

The accompanying notes are an integral part of the financial statements.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

1. Nature of the Foundation

Rotary Club of Toronto Charitable Foundation (the "Foundation") is a corporation authorized by Ontario charter to accept gifts and bequests and to administer the income and capital of the funds entrusted to it.

The Foundation is a charitable foundation and is exempt from income taxes under Section 149.1(1)(a) of the Income Tax Act (Canada).

The Foundation is subject to the disbursement requirement set by the Canada Revenue Agency for Canadian charities, and as at June 30, 2018 was in compliance with this requirement.

The Foundation is an entity which supports the charitable endeavors of The Rotary Club of Toronto (the "Club"). Its primary mission is to fund charitable programs and activities in the City of Toronto, with the primary focus on downtown Toronto. The Foundation supports charitable organizations whose work directly benefits the quality of life in Toronto for children, youth, seniors and indigenous people, as well as disadvantaged and marginalized groups who are most vulnerable to the economic, social or environmental challenges of an urban environment, including the homeless, recent immigrants and the poor. It may, on occasion, support registered Canadian charities in relation to international projects and activities, or in providing disaster relief. The Foundation may also support charitable organizations whose work responds to the needs of the indigenous communities outside of Toronto, primarily within the Province of Ontario.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Foundation are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, whereby funds that have been externally or internally restricted are segregated in separate funds in the financial statements. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended in accordance with the wishes of the donors.

Contributions are recognized as revenue in the appropriate fund in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges, due to their inherent nature, are not recorded in the financial statements until received. Investment income is recognized on the accrual basis.

Contributed goods and services

Contributed goods and services are not recognized in the financial statements, as their fair value is not reasonably determinable.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

2. Summary of significant accounting policies (continued)

Fund balances

Designated donations are credited to specific restricted funds as per the donor's wishes and undesignated donations are credited to the unrestricted funds. Investment income, including realized gains and losses, are allocated to all funds in proportion to opening fund balances. Unrealized gains and losses are recognized in the Cumulative Unrealized Gain on Investments Fund. Restricted funds are charged with disbursements for designated charitable donations and with a proportionate share of other expenses. Unrestricted funds are charged with disbursements for non-designated charitable donations and a proportionate share of other expenses.

(a) Unrestricted funds

The General Fund and Jean K. Cowan Rotary Memorial Fund record the unrestricted activities of the Foundation.

(b) Restricted funds

While the funds are restricted as to use, there are no restrictions over the disbursement of the restricted funds, subject to the objectives, policies and procedures for managing capital.

The Laughlen Trust Fund was established in 2011 and included the balance previously held in the Laughlen Fund, which had been established in 2005. The purpose of this fund is to serve the needs of senior citizens in the Province of Ontario with priority given to those in the Toronto area. \$3,207,311 (2017 - \$3,207,311) in donations have been received by this fund since 2005, and charitable donations totaling \$1,245,049 (2017 - \$1,124,409) have been expended from this fund.

The Andrew Westlake Memorial Fund was established in 1996. During the year, the fund's name was changed to the Andrew and Michael Westlake Memorial Fund. The purpose of this fund is to support charitable activities for areas of specific interest to the Westlake family, to reflect their sons' interests.

The Pauline Hill Endowment Fund was established in 2003. The purpose of this fund is to support charitable initiatives for the well-being of children prenatal to age six and needy mothers who are receiving public assistance. Funding comes from gifts, memorials and tribute giving designated to this fund.

The Andras Family Endowment Fund was established in 2008. The purpose of this fund is to support the general charitable purposes of the Club and the Foundation.

The Gerry Nudds Endowment Fund was established in 2008. The purpose of this fund is to support the charitable projects and educational programs for the Rotaract Club of Toronto, supported by the Club.

(c) Cumulative unrealized gain on investments fund

This fund holds the cumulative unrealized gain or loss on individual investments until the year in which an investment is disposed. Upon disposition, the cumulative gain or loss on each investment is relieved from this fund and recognized in the form of realized gains or losses to all other funds in proportion to their opening fund balances.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

2. Summary of significant accounting policies (continued)

Objectives, policies and procedures for managing capital

The Foundation's capital is comprised of its fund balances as described above.

The Foundation's objectives when managing its capital are: (a) to provide funding to various charitable organizations so that they can continue to build and sustain an excellence in their performances and programs; (b) to preserve the long-term purchasing power of the Foundation's externally restricted funds to meet the expectation of donors and prospective donors and to ensure that a real (inflation protected) level of operating support for the Club is maintained; and (c) to cover the operating expenses of managing the Foundation's investments.

To achieve these objectives, the Foundation has established an Investment Policy Statement and Guidelines that are designated to achieve an appropriate balance between investment returns and risk by monitoring and following on a regular basis: (i) investment mix, (ii) quality of investments, (iii) selection of investment managers, and (iv) relative performance against similar funds.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash and investments. The Foundation has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the Statement of operations.

The Foundation's financial instruments and their respective measurement are as follows:

| <u>Asset/liability</u> | <u>Measurement</u> |
|--|--------------------|
| Cash | Fair value |
| Investments | Fair value |
| Due from The Rotary Club of Toronto | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. The only balance which requires some degree of estimation is accounts payable and accrued liabilities.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

3. Charitable donations expense

| | 2018 | 2017 |
|--|----------------|---------|
| | \$ | \$ |
| Andrew Westlake Memorial Race | 600 | — |
| Art Heart Community Art Centre | — | 5,000 |
| Care Canada | — | 5,000 |
| Centre for Addiction and Mental Health | — | 75,000 |
| Covenant House Toronto | — | 137,500 |
| Disabled Sailing Association of Ontario | — | 11,200 |
| Distress Centres of Toronto | — | 35,000 |
| Dovercourt Boys & Girls Club | 10,000 | — |
| Fred Victor Centre | — | 2,000 |
| Furniture Bank | — | 10,000 |
| Gilda's Club Greater Toronto | — | 14,220 |
| Georian Bay Forever | 1,000 | — |
| Honouring Indigenous Peoples | 2,000 | 2,000 |
| Homes First Foundation | 25,000 | 25,000 |
| Lake Scugog United Church Camp Inc. | 13,700 | — |
| Out of the Cold | — | 5,000 |
| PACT - Urban Peace Program | 5,000 | — |
| ShelterBox Canada | 53,224 | 30,000 |
| Sherbourne Health Centre | 200,000 | 100,000 |
| SKETCH | — | 5,000 |
| SPRINT Senior Care | — | 101,000 |
| St. Michael's Hospital Foundation | — | 50,000 |
| The Concerned Kids Charity of Toronto | — | 6,000 |
| The Arthritis Society | 15,100 | — |
| The Nanny Angel Network Inc. | — | 15,000 |
| The Rotary Club of Toronto - Philanthropic Fund (Note 4) | 202,956 | 228,752 |
| The Rotary Foundation (Canada) | 50,000 | 50,000 |
| The Temiskaming Foundation | — | 1,000 |
| Woodland Cultural Centre | — | 40,250 |
| Youth Employment Services | 50,000 | — |
| | 628,580 | 953,922 |

The Foundation's donations in support of the Centennial included \$Nil (\$14,294 in 2017) to The Rotary Club of Toronto.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

4. The Rotary Club of Toronto

The Club is a not-for-profit service club, and a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. The Club's members provide community services locally, nationally and internationally. The Foundation is related to the Club as a result of shared management and given Board of Director members are drawn from the same membership. The Foundation supports the Club's philanthropic and charitable operations.

The balance of \$6,393 due from The Rotary Club of Toronto (2017 - \$4,665) relates to the net proceeds from committee and special event activities of the Club. This balance is non-interest bearing and due on demand.

During the year, the Foundation donated an amount of \$202,956 (\$228,752 in 2017) to the Philanthropic Fund of the Club to support various philanthropic activities (Note 3). Included in that amount, was \$25,000 (\$10,000 in 2017) in support of the Senior Citizens committee. In addition, \$115,000 (\$115,000 in 2017) was paid to the Operating Fund of the Club for reimbursement of administration services provided.

The Foundation recognized as donations received from the Club, an unrestricted amount of \$73,208 (\$78,838 in 2017), being the surplus from the Club's annual fundraising events.

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

5. Investments

| | 2018 | 2017 |
|--|-------------------|------------|
| | \$ | \$ |
| Common stock | | |
| Algonquin Power and Utilities | 381,000 | 408,900 |
| Bank of Montreal | 812,640 | 761,760 |
| BCE Inc. | 646,676 | 709,618 |
| Bristol Myers Squibb Company | 145,505 | 289,365 |
| Brookfield Asset Management | 471,882 | 449,492 |
| Brookfield BUSN PRTNS LPU | 8,823 | 6,186 |
| Canadian National Railway | 494,178 | 483,092 |
| Crescent Point Energy Corp. | 48,250 | 49,600 |
| Emera Incorporated | 427,800 | 482,100 |
| Enbridge Inc. | 234,800 | 258,300 |
| Faircourt Gold Income - A | — | 148,400 |
| General Electric Company | — | 280,537 |
| Glaxo Smithkline-PLC-ADR | — | 111,939 |
| Inter Pipeline Fund A LUP | 258,720 | 266,280 |
| iShares CORE U.S REIT ETF | 645,638 | 638,374 |
| Keyera Corporation | 379,642 | 426,653 |
| Masco Corporation | 432,714 | 436,551 |
| Microsoft Corporation | 324,035 | — |
| Nestle S.A SP/ADR-FOR REG | 101,775 | — |
| Northland Power Inc. | 245,100 | 230,600 |
| Pembina Pipeline Corporation | 364,080 | 343,264 |
| Peyto Exploration and Development Corp | — | 176,175 |
| Pfizer Inc. | — | 218,049 |
| Procter and Gamble Company | 153,904 | 169,720 |
| Royal Bank of Canada | 791,760 | 752,160 |
| SEC Technologies SPDR SBI | 337,611 | 262,955 |
| Sector SPDR TR INT-FINL | 104,732 | 96,048 |
| Select SEC RL EST SEL ETF | 17,923 | 17,427 |
| Sienna Senior Living Inc | 248,400 | 179,600 |
| SunLife Financial Services Inc. | 399,311 | 350,428 |
| Teck Resources Ltd. | 133,880 | 89,640 |
| Telus Corporation | 560,280 | 537,240 |
| Thomson Reuters Corporation | 318,180 | 360,180 |
| Toronto Dominion Bank | 912,840 | 783,840 |
| TransCanada Corporation | 568,700 | 617,400 |
| Trisura Group Ltd. | 1,379 | 1,123 |
| United Health Group Inc. | 322,583 | — |
| United Technologies Corporation | 246,530 | 237,842 |
| Valero Energy Corporation | 364,190 | 219,056 |
| Verizon Communications | 330,771 | 289,975 |
| Visa Inc Class-A | 244,136 | |
| Wells Fargo | 313,514 | 309,393 |
| WSP Global Inc. | — | 299,992 |
| | 12,793,882 | 12,749,254 |

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

5. Investments (continued)

| | 2018 | 2017 |
|---|-------------------|------------|
| | \$ | \$ |
| Preferred Shares | | |
| BCE Inc 1st PFD-R | 28,868 | 26,530 |
| BMO S&P/TSX LADD PFD ETF | 15,041 | 14,820 |
| BNS NVCC 5.50% SER-34 PFD | 487,692 | 496,620 |
| Canadian 50 ADV-F T/U | — | 34,122 |
| Purpose CDN PFD SH FD ETF | 36,092 | — |
| RYL BK CDA NVCC 5.50% BK PF | 494,615 | 503,217 |
| Weston George 5.20% III PF | 23,860 | 25,010 |
| | 1,086,168 | 1,100,319 |
| Bonds | | |
| iShares DeX S/T | 380,380 | 389,340 |
| iShares 1-5Y LADD CP BD ETF | 183,300 | 187,500 |
| Aberdeen Asia-Pacific Inc. | 113,970 | 137,170 |
| | 677,650 | 714,010 |
| Bankers Acceptances | | |
| FBA, August 27, 2018 | 598,458 | — |
| FBA, September 10, 2018 | 996,760 | — |
| FBA, September 19, 2017 | 498,140 | — |
| FBA, July 17, 2017 | — | 599,760 |
| FBA, September 1, 2017 | — | 998,430 |
| FBA, September 19, 2017 | — | 498,955 |
| | 2,093,358 | 2,097,145 |
| Other | | |
| Savings accounts | 369,724 | 568,192 |
| Vanguard FTSE Europe ETF | 339,318 | 329,127 |
| Ishares Global AGRI INDEX ETF | 435,600 | 393,470 |
| Crombie Real Estate Income Trust | 127,200 | 140,100 |
| Cash surrender value of life insurance policy | 61,458 | 58,874 |
| | 1,333,300 | 1,489,763 |
| | 17,984,358 | 18,150,491 |

Rotary Club of Toronto Charitable Foundation
Notes to the financial statements

Year ended June 30, 2018

6. Restricted funds

| | 2018 | | | | 2017 | |
|--|---|-----------------------------|------------------------------|----------------------------|-----------|-----------|
| | Andrew & Michael Westlake Memorial Fund | Pauline Hill Endowment Fund | Andras Family Endowment Fund | Gerry Nudds Endowment Fund | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| The Laughlin Trust Fund | 3,980,524 | 90,853 | 52,562 | 15,505 | 4,491,603 | 4,459,161 |
| Fund balances, beginning of year | 76,837 | 1,754 | 1,015 | 299 | 86,703 | 136,750 |
| Excess of revenue over expenses before the following | — | 56,658 | 8,412 | — | 101,145 | 54,150 |
| Donations received | (121,000) | (600) | — | — | (129,600) | (158,458) |
| Charitable donations | 3,936,361 | 148,665 | 61,989 | 15,804 | 4,549,851 | 4,491,603 |
| Fund balances, end of year | | | 387,032 | | | |

Fund balances, beginning of year
 Excess of revenue over expenses before the following
 Donations received
 Charitable donations
 Fund balances, end of year

Rotary Club of Toronto Charitable Foundation

Notes to the financial statements

Year ended June 30, 2018

7. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The Foundation's main financial instrument risk exposure is detailed as follows and remains unchanged from the prior year.

Concentration risk

The Foundation is subject to concentration risk as it maintains its cash balances at a high quality financial institution in Ontario which, from time to time, may exceed the insured amount of \$100,000 provided by the Canadian Depository Insurance Corporation. As at June 30, 2018, the Foundation holds \$394,276 (2017 - \$55,730) with its bank and \$459,016 (2017 - \$272,315) with its custodian. To the extent that the Foundation holds positions in a particular sector or asset class, the Foundation is subject to an increased risk that its investments in that particular sector may decline because of changing expectations for the performance of that sector. The Foundation holds a diversified investment portfolio and accordingly does not have significant sector or asset class concentration risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on the fixed income investments held in its investment portfolio, which subject the Foundation to fair value risk.

(b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. An amount of \$4,085,550 (\$3,906,359 in 2017), comprising approximately 22.2% (21.5% in 2017) of the Foundation's investments are denominated in US dollars. These amounts have been converted into Canadian dollars at the prevailing foreign exchange rate as of June 30, 2018. Consequently these assets are exposed to foreign exchange fluctuations.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in publicly traded shares and bonds.

8. Commitments

The Foundation is committed as at June 30, 2018 to charitable donations to other organizations totaling \$625,000, \$250,000 of which is due in 2019 and the remaining amount of \$375,000 in 2020. These amounts will be expensed when paid.

CORPORATE MEMBERS

ST. MICHAEL'S HOSPITAL

St. Michael's

Inspired Care. Inspiring Science.

During the past Rotary year many members, individuals or organizations donated to the Club's Charitable Foundation. The Board of Directors is grateful for this interest and support.

The Foundation relies upon a continuing source of gifts and bequests in order to expand its ability to support Club and community projects.

ROTARY CLUB OF TORONTO CHARITABLE
FOUNDATION BENEFACTORS

Kenneth and Margaret Andras

Blake, Cassels & Graydon LLP

Lloyd Barbara

William and Karen Barnett

Janet and Donald Brown

Brian Carter

Lax and Kim Clifford

Carol and Angelo Delzotto

Penelope and Terrence Ellwood

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Mackie Research Capital Corp.

Graham Munro

Pembroke Private Wealth Mngt.

Carolyn Purden

Mary Sinclair

Chris Snyder

St. Michael's Hospital Foundation

Irene J. Watchorn

James Weir

Richard White

Yule Family

We would also like to thank all others that donated to the
Rotary Club of Toronto Charitable Foundation





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