

Overview of Financial Results for Year Ended February 29, 2020

The Calgary Rotary Clubs Foundation ended the year with a 7.2% or \$3,683,302 return on its investments for the year. This return represented an increase from the prior year investment revenues of \$2,002,414. While economic uncertainty continued to challenge the markets, the U.S., and global equity markets finished 2019 strong and the Foundation's balanced Investment approach performed well despite the volatility being experienced leading into 2020. The news of the COVID-19 in the early onset of 2020 materially changed investor sentiment leading to some early market declines for the close of this fiscal year but did not materially impact a year that was overall positive.

The Foundation closed the current fiscal year with a healthy investment portfolio of \$54.7 million, an increase over the prior year of \$53.3 million. Total revenues increased by \$3,940,442 including the above referenced investment revenues and contributions from member clubs of \$256,529. Appreciation is given to the strong stewardship of our Investment Committee and the support of the Foundation's two investment manager counsels for achieving these results. The Board approved changes to the Foundation's policy to introduce a \$10 million alternative asset allocation classes for mortgages and infrastructure to diversify the Foundation's investments continued to be worked on by the Committee for implementation in the 2020 fiscal year. Fund manager proposals for these new streams are currently under review.

The Foundation's contributed Endowments total \$32,944,452 and remained unchanged from the prior fiscal year, with no new additions for the year. These legacy donations, and the accumulated returns generated from their investment will continue to benefit our Clubs for many years to come. The accumulated excess of net revenue over distributions from these donations have now increased the capital base of benefitting clubs by \$18,014,501 an increase over the prior year of \$1,435,604.

Expenses for the year before changes to the cash surrender value of life insurance policies were \$293,311 (compared to the prior year of \$ 287,427), an increase of 0.2 % from the prior year or 0.53 % of our closing investment portfolio balance. Expenses consisted of investment management fees of \$237,945, professional fees for accounting and audits of \$41,935 and office, insurance and administrative costs of \$13,431. After expenses and distributions payable for the year, member capital balances have now increased to \$52.7 million up from the prior year of \$51.4 million.

For supporting the activities of member clubs, Foundation distributions continue to be based on a 5% capital balance distribution formula to provide clubs certainty in revenues for the following fiscal year. This distribution formula is based on an averaging of the opening and closing fund balances for each club for the five immediately preceding years. Distributions for the current fiscal year were \$2,344,721, an increase from the prior year's distribution amount of \$2,221,502.

Yours in Rotary,

Donald M. Dart, Treasurer,
October 10th, 2020