



Annual Report 2001-2002

THE SCOTTISH RITE CHARITABLE
FOUNDATION OF CANADA

President's Report

This year's Annual Report has a new look. I hope you will like it.

In previous Annual Reports we have included detailed reports on the research funded by the Scottish Rite Foundation. We've chosen to give these research projects wider distribution through the two annual editions of the Foundation Newsletter that is distributed to all members of the Scottish Rite in Canada and drop them from the Annual Report, which has a limited distribution. Why are we changing our communications practice? Quite simply, the Foundation funds some very exciting and important research and we want to reach as many people as possible.

Given the unsettled nature of financial markets since September 11, 2001, I commend the Treasurer and our investment counsel for their care and expertise in managing our portfolio. At year-end last year our investments were worth \$600,000 over their acquisition cost. This year our investments are worth one million dollars over their acquisition cost. The rate of return on our invested capital was 9.7%.

After several years of discussion, we moved this year to handle all major grants and graduate student awards from the Foundation's office rather than through the Roehrer Institute. More details of this change are reported in the Awards Committee Report. I want to thank the Roehrer

Institute for many years of professional advice and administrative support.

At the same time, I want to express appreciation to this year's Awards Committee for their receipt and evaluation of the applications for support and their recommendations for awards.

The Foundation changed its reporting year last year to end on May 31 rather than June 30. While I know it is not entirely fair to compare an eleven-month year to a twelve-month year, it is disappointing to note that donations from individuals declined below our reasonable expectations. This is a red flag for this organization and is of grave concern. On a more positive note, I am pleased to report that donations from Scottish Rite bodies increased by 15% to \$60,819.

This year saw also the production and distribution of our attractive new brochure thanks to the work of the Communications Committee chaired by Harold E. Crosby, Vice President of the Foundation. The appearance of the brochure has been welcomed, especially by the Foundation Valley Representatives.

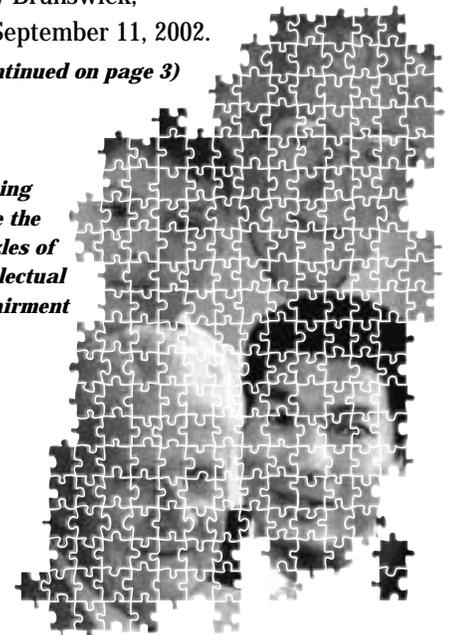
Hopefully, the brochure will provide an incentive to increase individual and Valley donations, particularly since it suggests a number of alternative ways to donate to the Foundation.

A thank you goes also to Richard Barr, Chairman of the Valley Representatives Committee, for supplying binders and promotional material to all Valley reps. This marks the beginning of renewed efforts to assist Valley representatives increase donations to the Foundation.

Special mention must be made of very dedicated Masons of London Valley of the Scottish Rite who have produced, after many meetings and hours of hard work, a draft procedural guide for the possible establishment of Foundation Learning Centres for Children. Their presentation on the subject at the April meeting of the Board of Directors of the Foundation was enlightening. The London committee will be making a further presentation to the Directors on the occasion of the Annual Meeting of the Foundation in Saint John, New Brunswick, on September 11, 2002.

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*Helping
solve the
puzzles of
intellectual
impairment*



Treasurer's Report

No one could have imagined or foreseen the uncertainty that existed in the 2001-2002 market or the tragic events of September 11th. Yet even in these conditions our investments yielded a return of 9.7% this year compared with 8.9% last year.

Looking ahead, it will be difficult to sustain this level of returns. During 2002-2003 we have a number of securities maturing and we will likely have to renew at much lower interest rates. This will result in a decrease of \$50,000 from our fixed income securities during the year ending May 31, 2003.

At present, our investment portfolio consists of 26% in equities, which, when we combine \$35,000 in dividends and \$200,000 of capital gains, generated 27% of our income this year. Given the current difficulties in the equities market we cannot be certain of this level of income in future years.

I am pleased to announce that we will be able to continue our annual funding of \$550,000 for our grant, award and bursary programs, in the 2002-2003 fiscal year. Given the present instability of the market, we are being conservative in projecting

our income and the charitable programs that we can continue to support for the year ending May 31, 2004.

It has been a pleasure to serve as your Treasurer and I express our appreciation to the RBC Dominion Securities for their invaluable advice in maintaining the excellent return on our investments, particularly during the last year.

Respectfully submitted,
H. Edward Standish
Treasurer

Directors and Officers of the Foundation 2001-2002

Executive

J.V. Lawer, *President*
H.E. Crosby, *Vice-President*
J.C. Fairthorne, *Secretary*
H.E. Standish, *Treasurer*

Directors

R.E. Barr
P.A. Decelles
T.V. Hannan
G.M. Martin
D.R. Thornton
R.L. Waddell

Directors Emeritus

T.W.S. Band
J.N. Fenton
J.W. Lowry
N.M. MacLean
N.R. Richards
C.A. Sankey
I.D. Steeves
J.E.E. Winch

Appointed Officers

D.D. Thornton,
Assistant Secretary
G.R. Robbins,
Assistant Treasurer

Statement of financial position

	May 31, 2002 (11 months)	June 30, 2001
Assets		
Cash and term deposits	\$ 646,735	\$ 815,867
Accrued interest	174,490	120,979
GST receivable	4,687	3,193
Prepays	2,293	5,929
	<u>828,205</u>	<u>945,968</u>
Investments (market value \$10,918,723; 2001 - \$9,565,695)	<u>9,967,877</u>	<u>8,917,845</u>
	<u>10,796,082</u>	<u>9,863,813</u>
Liabilities		
Payables and accruals	5,000	7,101
Net assets		
Unrestricted net assets - Income retained for charitable and benevolent purposes	911,198	448,730
Restricted net assets - Capital	<u>9,879,884</u>	<u>9,407,982</u>
	<u>10,791,082</u>	<u>9,856,712</u>
	<u>\$10,796,082</u>	<u>\$9,863,813</u>

Statement of operations

	May 31, 2002 (11 months)	June 30, 2001
Revenue		
Bank and term deposit interest	\$ 11,938	\$ 40,854
Investment income net of amortization	487,102	556,602
Gain on disposal of investments	198,347	69,772
	<u>697,387</u>	<u>667,228</u>
Expenses		
Administration costs	<u>76,241</u>	<u>73,727</u>
Excess of income over expenses	621,146	593,501
Distribution		
The Roeher Institute	00.00*	550,000**
Excess of income over expenses and distribution	<u>621,146</u>	<u>43,501</u>

* The distribution of grants and scholarships is now being handled by the Foundation.

** This figure is the total of Foundation grants and scholarships and the Roeher Institute's administrative fee.

Statement of capital revenue

	May 31, 2002 (11 months)	June 30, 2001
Revenue		
Individuals	\$ 79,580	\$226,675
Lodges and Masonic organizations	60,819	52,510
Bequests	<u>172,825</u>	<u>417,205</u>
Capital revenue	<u>313,224</u>	<u>696,390</u>

President's Report

(Continued from page 1)

Again, our appreciation is extended to the Directors, Valley Representatives, Secretary Donald D. Thornton and to our headquarters staff, George Robins and Sue Thompson for their helpful advice and hard work on behalf of the Foundation.

I want to thank those who donated to the Foundation this year. You are to be commended.

I also want to address those who did not contribute last year.

I know that there are many demands on your generosity, both within Freemasonry and without. I'm not going to presume that I know your own situation and why you give to whom you do. What I can tell you, however, is that any money donated to the Scottish Rite Foundation is wisely spent on important research. The work we sponsor is looking to solve puzzles such as Alzheimer's that may afflict you or your family or learning problems that may burden your own children or the children in your community.

As Freemasons we commit to caring and sharing. I hope that many more of you will find a way, as you did before, to use the Blue Envelopes and contribute to our Foundation.

Respectfully submitted,
John V. Lawer
President

Grants and Awards

This year saw the successful transition of the administration of Scottish Rite Foundation grants and awards from the Roeher Institute to the Foundation office in Hamilton. This smooth transfer has been accomplished through the efforts of George Robbins of the Foundation office, Donald D. Thornton of the Supreme Council office, and office staff, Margaret Tweedle and Sue Thompson with assistance from Clifford Tootell.

As a result of this transfer we expect to reduce the administrative costs of the grants and awards process.

Not all activities of the Awards Committee have been transferred to the Foundation office. The 12 annual College bursary applications continue to be submitted by community colleges through the Canadian Association for Community Living and assessed by the Roeher Institute. I want to thank Ms. Roslyn Ward for completing this task in an efficient and timely manner.

It was a demanding first year for this new grants and awards procedure as we received 21 applications for the 10 major grants of \$35,000 per year and 39 applications for the 16 graduate student awards of \$10,000 each.

Submissions for Major Research Grants and Graduate Student Awards were reviewed by myself as chairman and George Robbins of the Foundation office in Hamilton. Gareth Taylor, PhD., managing director of the Samuel Lunenfeld Research Institute at Mount Sinai Hospital, Toronto, co-ordinated the adjudication of applications.

We are indebted to Dr. Paul Fraser for helping adjudicate applications. Dr. Fraser is an internationally

recognized researcher in the field of neurodegenerative diseases and associate professor at the University of Toronto.

The professional expertise of Dr. Taylor and Dr. Fraser, with assistance from colleagues across Canada, ensured worthy recipients for 2002-2003. The names of the recipients will be published in the Fall edition of the Foundation's newsletter.

On a personal note, I want to recognize Dr. John E.E. Winch's resignation from the Awards Committee. We honour Dr. Winch for his long and dedicated leadership, lately as chairman, and his unique understanding of the work of the Foundation. His friendship and sound advice will be missed.

Chairing this committee makes it clear to me, and the other committee members, that there is an extraordinarily deep pool of scientific talent in Canada who care about finding the causes of, and cures for, intellectual impairment. It is a pleasure for us to support their work.

I know that President John Lawer thanked donors in his message in this Annual report. Let me echo his sentiment and extend a challenge to those others. Read the Foundation newsletters and learn what I have learned. The puzzles of intellectual impairment can be solved with your help.

Details about the Foundation's awards, grants and bursary program is available at <http://www.scottishrite-masons-can.org/foundation>) or (905) 522-0033.

Respectfully submitted,
Donald R. Thornton
Chairman

Communications

According to our year 2000 survey, members want to learn more about the Foundation and their preferred medium is the Foundation newsletter. As a result we are now publishing two newsletters per year rather than one.

The communications committee also determined that the most important liaison between the Foundation and individual members is the Foundation's representative in each Valley. There is a clear and demonstrable relationship between the Valley rep's enthusiasm for the task and increased contributions from members.

In an attempt to help Valley representatives, the communications committee published a poster and a promotional brochure this year. The creative heart of the campaign is "Freemasons care; Freemasons share."

The theme captures in a few words our commitment to helping others and our willingness to donate to worthy causes, including the Scottish Rite Foundation. We printed 15,000 brochures this year and already have to consider a reprint as Valleys are requesting additional copies.

In the coming year we are planning to provide Valley representatives with more detailed donations data to help them do their job.

Respectfully submitted,
Harold Crosby
Chairman