



Annual Report 2005-2006

THE SCOTTISH RITE CHARITABLE
FOUNDATION OF CANADA

President's Report



John V. Lawer

When the Supreme Council, A&ASR voted in 1964 to incorporate the Scottish Rite Charitable Foundation and establish our vision, I doubt they could have imagined that – 42 years later – the Foundation would have donated over \$9 million to medical research and have a capital account of over \$13 million. This remarkable record is a testament to their vision and the generosity of thousands of Masons, both past and present.

To those of you who have supported the Foundation, I say thank you.

As usual, it is my happy task to tell you about our successes during the most recent fiscal year. And I'm happy to say there are many successes. It's also my pleasant duty to name the winners of our annual awards program for donors to the Foundation. On a more somber note, I also want to point out one area of concern, but that will come later.

Let me start with our successes.

Last Fall, Kayla Stephenson became the first graduate of the London Learning Centre. I can add nothing more eloquent than the graduation comment that "Kayla has now

overcome her dyslexia for life." What an incredible few words: "for life." Without the free tutoring the Centre provided, Kayla might have suffered from dyslexia FOR LIFE. But now she is free of this debilitating affliction FOR LIFE. What a wonderful achievement! Kayla's success is the result of many people working very hard for many years and they deserve a mountain of praise.

But the work of the Learning Centres and the medical researchers we support wouldn't be possible without funding, and it's here that we can celebrate another success. Our capital increased by \$1 million from 2005 to 2006, that's from \$11.5 million to \$12.5 million. If you just look at the value of our investments, their market value has increased from \$12.9 million to \$13.9 million.

On the revenue side, there's more good news. Our revenue increased to \$492,000 this year compared with \$400,000 the previous year.

This talk about money brings me to the second happy task, which is to announce the winners of our annual awards program.

As you may remember, there are three categories:

- Highest Average Donation, which we calculate by dividing the total amount donated (both individual and from events) by the total membership;
- Highest Participation Rate, which is the number of individual donors as a percentage of the total membership; and

- Largest Increase in Donation, which as its name suggests, is the amount of increase in the current year compared with the previous year.

Last year, Windsor Valley swept every category. This year, there are two different winners.

Highest Average Donation

I'm happy to say that Halifax Valley is the runaway winner, with an average donation of \$218.97. It shouldn't come as any surprise that Halifax achieved this fantastic average in the year that it was creating its own Learning Centre that will open this month.

The top five Valleys are:

	Avg. donation	Total	Members
Halifax	\$218.97	\$125,906.47	575
Windsor	125.46	70,759.40	564
London	25.75	39,519.52	1,535
Central Alberta	24.94	2,145	86
Chatham	23.68	6,156.20	260

Highest Participation Rate

This category is quite important to us because we are trying to increase the participation rate. What we've found over the years is that people who donate, donate quite generously (an average of \$94.50 this year). Obviously, if more people donate – and the individual gift remains at its current average – our donation total will rise. This year, the national participation rate was 5.8%, up slightly from 5.4% in 2004/05. The rate in 2003/04 was 6.6%. We continue to strive for a national participation rate of 10%.

(Continued on page 3)

Treasurer's Report

The Learning Centre portion of the Foundation programs continues to flourish thanks to the efforts of volunteers and your support and finances. The stories from parents and children make all our efforts worthwhile.

There were two Learning Centres in operation for the year ended May 31, 2006: London continued its operation for the third year and Windsor opened its doors in September, 2005. Halifax is moving toward the opening of a Learning Centre in September, 2006. The premises have been leased, the leasehold improvements are well under way and tutors are being trained.

My concerns about the Centres are twofold and related – the administrative structure for each Centre and the extra burden the Centres – both individually and collectively – place on the Foundation.

The operating routines have become one of separate Centres rather than the Head Office/Branch system originally in place with London. The Head Office/Branch System requires support from Hamilton, support we can no longer supply without additional staff. During the last year we have operated more on an autonomous basis with each Centre, i.e., the Foundation providing approved funding and Centres reporting their results to Hamilton on a monthly basis. Now that we are opening a Learning Centre in Halifax, it is important that the policy be put in place for September. Each Center will continue to be responsible for raising the funds to cover its operating requirements, receive funding in the form of approved grants from Hamilton, manage its own affairs and follow through with monthly reporting to Hamilton.

Each Centre is autonomous in its operations and must follow the administrative and management procedures set forth in the Handbook. Hence, we recommend support required by Head Office be limited to funding as requested by each Centre and approved in the annual budget. The Foundation's role in the management for each Learning Centre would be on an overview basis.

The fund raising activities for each Centre have more than covered the operating costs for the last year. There is a substantial part of the next year's operating funds on hand at this time. It is vital that Valleys thinking about opening a Learning Centre understand that they need not only to raise the funds to launch a Centre but they also appreciate their on-going commitment to local fund raising to ensure the Centre's sound finances. There also has to be a commitment to a having and keeping a strong administrative team in place.

Foundation finances

The Investment portfolio total of \$13.1 million (market \$ 13.9 million) generated a return of 7.9% last year. The income was more than sufficient to fund the \$597,000 in our Grants, Awards and Bursary programs as well as the \$118,000 for the Learning Centre program. Looking at the five-year projections, we will be able to support these programs at that level for the next five years. I have already expressed my concern (above) about the Learning Centre program.

Assuming local fund raising continues at the current level, we will be able to operate the three Centres with about a \$45,000 grant from the Foundation for operating expenses for the three Learning Centres plus an additional grant of \$40,000 to Halifax for its start-up costs. Additional Centres, although being discussed, will have to be assessed on an individual basis as each Valley prepares its proposal to open a Learning Centre in its area.

This is my last year as Treasurer. It's has been a pleasure to serve as your Treasurer for the past year and, in fact, each of the past nine years. It would not have been possible if I had not enjoyed the co-operation and support from the various Learning Centres, the National Office as well as the office staff in Hamilton. Thank you George Robbins, Sue Thompson, Annie Thompson and Janey Smith for your efforts to make this a successful year. Your efforts are appreciated.

Respectfully submitted,
H. Edward Standish, Treasurer

Statement of financial position

	2006	2005
Assets		
Cash and cash equivalents	\$ 276,282	\$ 472,573
Accrued interest	244,253	307,000
GST receivable	5,774	1,843
Advances to Learning Centres	61,280	20,000
Prepays	3,759	14,503
	<u>591,348</u>	<u>815,919</u>
Capital assets	65,960	6,901
Investments (market value \$13,902,377; 2005 - \$12,923,967)	13,097,124	11,815,036
	<u>\$13,754,432</u>	<u>\$12,637,856</u>
Liabilities		
Payables and accruals	\$34,517	\$15,487
Deferred contributions	50,000	—
	<u>84,517</u>	<u>15,487</u>
Net assets		
Net assets invested in capital assets	65,960	6,901
Unrestricted net assets - Income retained for charitable and benevolent purposes	1,004,898	1,127,855
Internally restricted net assets - Capital	12,599,057	11,487,613
	<u>13,669,915</u>	<u>12,622,369</u>
	<u>\$13,754,432</u>	<u>\$12,637,856</u>

Statement of Operations and Changes in Net Assets

	2006	2005
Revenue		
Bank and term deposit interest	\$ 2,756	\$ 1,293
Donations – London Learning Centre	29,099	34,013
Amortization of deferred contributions		
Ontario Trillium Foundation grant (2006 - \$75,000 – \$25,000 amortized to date)	25,000	—
Investment income	449,699	651,425
Gain on disposal of investments	774,720	421,402
	<u>1,281,274</u>	<u>1,108,133</u>
Expenses		
Administration fees	54,962	36,403
Insurance	17,100	14,065
Lapel pins	2,456	(567)
Professional fees	6,210	7,728
Computer consulting	2,023	983
Directors and committee meetings	3,083	1,874
London learning centres - national expense	5,502	5,610
Printing and office supplies	2,286	1,019
Postage	2,334	4,561
Promotion and public relations	20,287	14,702
Miscellaneous	5,097	2,500
	<u>121,340</u>	<u>88,878</u>
Excess of income revenue over expenses	<u>1,159,934</u>	<u>1,019,255</u>
Distribution		
Grants	383,398	381,723
Awards	85,827	91,750
Bursaries	10,000	8,000
Learning Centre Projects	117,930	65,251
	<u>597,155</u>	<u>546,724</u>
Excess of income revenue over expenses	<u>\$ 562,779</u>	<u>\$ 472,531</u>

Statement of capital revenue

	2006	2005
Revenue		
Donations		
Individuals, Lodges and Masonic organizations	\$110,682	\$138,972
London Learning Centre donations	59,687	96,685
Other Learning Centre donations	191,573	52,085
Bequests	<u>129,726</u>	<u>112,320</u>
Capital revenue	<u>\$491,668</u>	<u>\$400,062</u>

Directors and Officers of the Foundation 2005-2006

Executive

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

Balance of Directors

R.A. Barnett
T.V. Hannan
G.M. Martin
G.R. Taylor
D.R. Thornton
R.L. Waddell

Directors Emeritus

T.W.S. Band
R.E. Barr
H.E. Crosby
P.A. Decelles
J.N. Fenton
J.W. Lowry
N.R. Richards
C.A. Sankey
I.D. Steeves
J.E.E. Winch

Appointed Officers

T.E. Lewis, *Assistant Treasurer*
G.R. Robbins, *Assistant Secretary*

President's Report

(Continued from page 1)

The winner is Central Alberta Valley with 20%.

The top five are:

Central Alberta	20%
Kamloops	16.67%
Chatham	15.38%
Fort William	12.59%
Summerside	12.38%

Largest Increase in Donation

Given their huge per member average (Highest Average Donation) it should come as no surprise that Halifax is this year's winner with a year-over-year increase in total donation of \$114,698.47.

(Continued on page 4)

Grants, Awards and Bursaries

Since its inception, the Scottish Rite Charitable Foundation of Canada has supported researchers who are seeking to "Help Solve the Puzzles of the Mind". It is the nature of such research that there are few "eureka" moments. It is only dogged, painstaking study that reveals small kernels of understanding, which when put together over time, help unravel these puzzles. Success can be seen in new understandings of the diseases, which may lead to new and effective treatments and a better quality of life for those coping with the disease, along with family and caregivers.

Support for Doctoral researchers and Graduate Students registered in Doctoral programs focused on physical-biological and the social aspects of intellectual impairment has been, and continues to be, the Foundation's primary undertaking.

The Awards Committee is committed to supporting promising researchers during the early years of their studies. Recipients tell us that it was only through early funding by the Foundation that they were

able to conduct their research and develop a personal reputation that attracted funding from other agencies in later years. They credit the Foundation with being the spark plug in starting a successful career.

During the year, the Committee recommended funding four new Research Grants and six new Graduate Student Awards. In addition, the Foundation continues its support of 4 Major Grant recipients for a 2nd year and 4 recipients for a 3rd year.

The Awards committee received 21 new applicants for Major Research Grants (\$35,000 per year for up to three years) and 19 new applications for Graduate Student Awards (\$10,000 per year for up to two years). Total Major Grants in support of research into the physical-biological aspects of intellectual impairment for 2006-2007 will be approximately \$420,000. Funding to assist Doctoral students in their research will be \$100,000.

The Awards Committee processes applications voluntarily. The Foundation is

indebted to Dr. Paul Fraser from the University of Toronto, a past SRCF Grant recipient, who with Dr. Gareth Taylor, coordinates the review process with the generous assistance from their professional colleagues across Canada and the United States.

The SRCF receives many letters of thanks from recipients expressing appreciation for the support received. Scottish Rite members may learn more about the scope and results of the research funded through their donations by reading the brief reports printed in the various SRCF newsletters.

More information about the Grants and Awards Program is available on the Scottish Rite Charitable Foundation website (<http://www.srcf.ca>) including details about the funded research.

Respectfully submitted,

Donald R Thornton
Chair, Awards Committee

Dr. Gareth R. Taylor
Vice-Chair

President's Report

(Continued from page 3)

The top five are:

Halifax	\$144,698.47
Barrie	\$4,872.75
Fort William	\$4,658.50
Peterborough	\$1,694.70
Central Alberta	\$1,345.00

Congratulations to the winners and the runners up.

I mentioned that there is one concern that I have and it is, not surprisingly, about donations. While we are delighted to see the donations rise (\$492,000 from \$400,000) I am concerned that the amount being donated for medical research is declining (\$110,682 from \$138,972). How can one figure be rising while the other is falling? The answer is simple: an increasing percentage of donations is being allocated to the Learning Centres. While I'm delighted to see the strong support for the Learning Centres, I hope we don't forget that we also support basic medical research through grants to University

researchers and graduate students. This has been central to our purpose from the first day and I hope it will continue. As important as it is to support the Learning Centres, it is equally important that we fund research into the possible causes and cures for diseases such as Alzheimer's.

The Foundation's successes are the result of the many hours and days of devoted involvement and enthusiastic support on the part of many, many Scottish Rite members, their families and friends.

Special recognition is extended to W.J. "Andy" Anderson for inaugurating the Scottish Rite Walkathons on the last weekend in May to raise funds for the Learning Centres general fund. Andy has been an enthusiastic promoter of the walkathons since their inception and his enthusiasm seems to be paying off. This year Valleys from Moncton in the East to Regina in the West

participated and the moneys raised tripled last year's returns.

As always, I extend a hearty thank you to the directors, and officers, the Valley representatives, the devoted staff in the Hamilton headquarters, and the Sovereign Grand Commander and other officers of the Supreme Council A&ASR who tirelessly promoted the Foundation.

A special thank you is extended to Edward Standish, CA, who is retiring after serving nine years as Treasurer of the Foundation. With his calm manner and professional thoroughness he has been a tremendous asset to the Foundation, and on behalf of the Foundation, and personally, I thank him most sincerely. Fortunately he has volunteered to continue to serve as Assistant Treasurer so his expertise and experience will continue to be available to the Foundation.

Respectfully submitted,
John V. Lawer, President