



Annual Report 2007-2008

THE SCOTTISH RITE CHARITABLE
FOUNDATION OF CANADA

President's Report

As this is my last annual report as President, I want to take the opportunity to look backward, and a little bit forward, and tell you what I've seen and what I've learned as a Director of the Foundation for 31 years, 11 of those as President.

When I was asked to be a Director and Secretary in Sept. 1977, the original 1965 Supreme Council contribution of \$100,000 had grown to a capital account of \$1,232,000. The sum of \$85,000 was distributed the preceding fiscal year to what was then known as the Canadian Association for the Mentally Retarded.

When I was elected President in 1997 the capital account had increased to \$7,192,319 and the Foundation made a contribution of \$500,000 to the Canadian Association for Community Living. This year, the capital account has more than doubled the 1997 figure and reached some \$15 million. And again this year, as for the past several years, \$550,000 has been contributed to researchers seeking the causes – and, hopefully, cures – for mental challenges.

So, from a financial perspective, the Foundation is on solid ground, although we should never get complacent. Requests for funding go up just as fast, if not faster.

In my first report as President in 1998 I said I was well aware of the great number of persons upon whom I could, and would, rely for the teamwork so necessary for the success of the operation. Over the years I have been blessed with the support of a remarkable group of Board members. Some have passed on to their reward, like Richard (Dick) Barr, who was for many years Chairman of the Foundation's Valley Representatives. Others had to leave the Board for health reasons. But others, I'm happy to say, continue to serve. I admire and respect every one of them.

I sometimes wonder why some people volunteer their time and energy and others don't. In my case, my parents taught me that it's important to give back to the community and I've tried to do that. And I feel that service, in whatever form, is central to our lives as Masons. What I'm trying to say is that the Foundation is a great cause, and wherever you live, whatever you do, you can help raise money. Help with a curling tournament. Help with the golf tournament. Walk in the annual Walkathon. Sell pies or make brown

bag lunches. You don't have to serve as a Director. You certainly don't have to be President. There are lots of ways to help. I hope this year you'll find the time.

Of course, I can hardly look back without mentioning the creation of the Learning Centres that began in London in 2003 to provide free remedial tutoring to children afflicted with dyslexia and the

subsequent development of Centres in Windsor, Halifax and, this month, in Vancouver. And several other centres are in various stages of planning. Learning Centres are becoming the face of Scottish Rite Masonry and I couldn't be happier.

We owe a huge debt of gratitude to the members of London, Chatham and Windsor who devoted countless hours to the production of the Handbook, which is the Bible for the formation and operation of the learning centres.

For me, the Learning Centres have provided some of the longest-lasting impressions of my time as President. I can see the faces of the kids at graduation. They are so happy to gain control over their dyslexia and plunge into the wonderful world of books. And the parents. They come to the Centres in despair, close to tears. They see how dyslexia ostracizes their child from others and how it holds back academic success. Like all parents, the parents who come to the Centres want the best for their child and I am delighted we can help some of them. The letters of thanks and the conversations with parents are things I will never forget.

Another thing I will never forget is the solid support the Foundation receives from the staff in Hamilton. Thank you Terry McLean, Sue Thompson and Annie Thompson. Finally, I want to thank two members of the Board, who, in addition to myself, are relinquishing their office: our current Treasurer A. Douglas Nicholls and our former Treasurer and, latterly our Assistant Treasurer, H. Edward Standish. To them I want to express an especially warm thank you.

A few years ago we started a tradition at this luncheon of honouring the best of the



John V. Lawer

best from the previous year. There are three categories, all given in recognition of their support of the Foundation.

The first in Highest Average Donation. We calculate this by dividing the total donation by the number of members. This year's winner is the Valley of Halifax with a very impressive average donation of \$181.85.

The second category is Highest Participation Rate. That is, the number of people who give as a percentage of the total membership. This year's winner is the Valley of Central Alberta with a Participation Rate of 16.5%. To put this in perspective, the national Participation Rate is 6.6%. I must say, the national participation rate is one of the few disappointments during my term as President. I was really hopeful we could hit 10% but the goal remains elusive.

The third, and final award goes to the Valley with the largest year-over-year increase. This year's winner is the Valley of Halifax with \$38,683. Congratulations. It is a most impressive total. Let me add that other Valleys also showed spectacular year-over-increases. Ottawa was \$33,500; Guelph \$24,000 and Vancouver almost \$15,000. While there can only be one winner, everyone deserves recognition.

I've mentioned age several times in the past few minutes, which brings me to the point where age, the Foundation and money intersect. That is, bequests. Bequests to the Foundation in 2007/2008 totalled \$555,574. We never like to lose a Brother but we very much appreciate their generosity.

In the official history of the Foundation, author Donald Fleming comments that: "Much has been achieved. Much remains to be done. The end is not in sight. Useful work without limit awaits the efforts of our hands and hearts. The future is bright with hope and challenge."

Those of us who are retiring echo those sentiments and pass the torch to those who will hold it ever higher and brighter.

Respectfully submitted,
John V. Lawer
President

Treasurer's Report

The Scottish Rite Charitable Foundation of Canada enjoyed another financially successful year which ended on May 31, 2008. This is mainly due to the hard work of Scottish Rites and friends of the Rite across Canada in choosing to support the Foundation through personal donations, fund raising activities and Valley activities.

Financial overview

At the beginning of the financial year, June 1, 2007, the Foundation adopted the requirement of the Canadian Institute of Chartered Accountants to classify all its financial assets as held-to-maturity, loans and receivables, held-for-trading or available for sale, and all its financial liabilities as held-for-trading or other. This change, which was not retroactive, mainly affects the reporting of the investment portfolio. In 2007 it was reported at cost, whereas in 2008 it is reported at fair value. The change in fair value of the portfolio from year to year is now recognized in the statement of operations and forms part of the annual results of operations.

Operations

The net assets of the Foundation grew by about \$1.771 million, mainly as a result of the excess of revenues over expenses before change in unrealized gain on investments of about \$1.274 million. About \$540,000 of the increase is due to the change in accounting for the investment portfolio discussed above. Other small adjustments make up the balance of the change.

Overall, the Foundation's revenue increased to \$2,120,041, an increase of about \$678,000. Donation revenue was up approximately \$80,000, however the mix of donation revenue has changed from last year. Donations to Learning Centres (both capital and operating) declined nearly \$100,000, whereas individual donations (not specifically designated) increased by \$30,000. Bequests totaled \$555,574 for the year. While we regret the passing of our benefactors we are grateful for their foresight and generosity in supporting the Foundation. Their legacies will be faithfully applied to the Foundation's charitable work.

Total expenses of the Foundation were \$846,467, a decrease of about \$79,000 from the 2007 figure of \$925,657. The most significant decline was in Grants, which decreased by about \$100,000. Of this amount \$63,917 represents the return of the unused portion of a Grant. Administration and fund raising expenses increased by \$11,000 for a total \$173,448 for the year. As expected the learning centres program operating costs totaled \$230,721 for the year, an increase of about \$19,000, reflecting the increased activity of the Centres.

Financial position

By far the largest asset of the Foundation is its investment portfolio which is invested in what are considered low risk, conservative investments. At the year end, the fair value of the portfolio was \$15.2 million and the cost was \$14.7 million. In spite of the difficult stock market conditions the portfolio has maintained its value and as of May 31, 2008 the fair value exceeded its cost by \$0.5 million. The cash balance shown of \$382,741 includes about \$260,000 held in an interest bearing account at RBC Dominion Securities, our investment counsel, and the balance represents cash in the banks of the Learning Centres and the Foundation's office.

The way ahead

During the next year, the Foundation will face many challenges as the Vancouver learning centre is added to the Foundation's operations. Two more learning centres are in the planning stages and more are seriously being considered. Growth of the Foundation has put considerable pressure on these activities and ways will have to be examined to maximize efficiency.

I agree with the President's remarks thanking Foundation support staff but I particularly want to thank Assistant Treasurer, H. Edward Standish, for his wise counsel and steady source of guidance. He has given very generously of his time and talents to the Foundation, especially in the area of tracking our investments.

Respectfully submitted,
A. Douglas Nichols, Treasurer

Financial Highlights - Financial Position

Year ended May 31, 2008	2008	2007 (Restated)
Assets:		
Cash	\$ 382,741	\$ 267,039
Account receivable	63,917	—
Investments (2008 market, 2007 cost)	15,246,958	13,686,480
Other	20,268	13,060
Capital assets (net)	96,072	72,636
	\$15,809,956	\$14,039,215
Liabilities:		
Payables and accruals	\$ 60,958	\$ 18,062
Deferred contributions	—	86,000
	60,958	104,062
Net assets:		
Net assets invested in capital assets	96,072	72,636
Unrestricted net assets	1,497,748	793,412
Internally restricted net assets – capital	14,155,178	13,069,105
	\$15,809,956	\$14,039,215

Financial Highlights - Operations

Year ended May 31, 2008	2008	2007 (Restated)
Revenue:		
Amortization of grants	\$ 86,000	\$ 25,000
Bequests	555,574	156,757
Donations	472,752	393,150
Gain on sale of investments	345,419	295,749
Investment income	660,296	571,241
	2,120,041	1,441,897
Expenses:		
Administration and fund raising	173,448	162,287
Awards and bursaries	92,237	98,000
Grants	350,061	453,398
Learning centres	230,721	211,972
	846,467	925,657
Excess of revenues over expenses before change in unrealized gain on investments		
	1,273,574	516,240
Change in unrealized gain on investments		
	(1,165,341)	—
Excess of Revenues over expenses		
	\$ 108,233	\$ 516,240

Grants & Awards

The Grants and Awards committee approved \$413,877 for medical researchers in 2007/08, including funding for four new projects. In addition, the committee approved nine graduate student awards totaling \$90,000 and a further 18 awards totaling \$26,000 distributed at the discretion of Provincial Deputies.

The new research projects approved this year are:

Dr. Alasdair Barr & Dr. William Honer, University of British Columbia

Relevance of complexin proteins to cognitive function in aging and Alzheimer's Disease.

Dr. Karl Fernandes, Université de Montreal

Regulation of the subventricular zone stem cell niche in transgenic mouse model of Alzheimer's Disease

Dr. Marie Kmita & Dr. Martin Houle, IRCM, Montreal

Validation of Hoxb4 and Hoxd4 as candidate genes for Autism Spectrum Disorders

Dr. Margaret McKinnon & Dr. Glenda MacQueen, St. Joseph's Healthcare, Hamilton

Autobiographical memory for emotionally valenced events in bipolar disorder