

ANNUAL 2010 REPORT

# Results CONCENTRATE



### **Mission**

To foster economic freedom through education.

### **Board of Directors**

Erica Dekko  
Tad Dekko  
Phil Salsbery

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Dee Slater, Grants Manager  
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Becky Caruthers, Fort Wayne, Indiana  
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Mariah Hunter, Chariton, Iowa  
Alice Thompson, Athens, Alabama  
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### **Investment Committee**

Scott Frick, Kendallville, Indiana  
Dave Hunter, Kendallville, Indiana  
Chuck Schrimper, Fort Wayne, Indiana

### **Geographic Areas of Interest**

We consider grant proposals that will benefit people in the communities where our founder, Mr. Dekko, had an interest during his lifetime. Those areas are:

**Alabama:** Limestone County

**Indiana:** DeKalb, LaGrange, Kosciusko, Noble, Steuben and Whitley Counties

**Iowa:** Clarke, Decatur, Lucas, Ringgold and Union Counties

**Minnesota:** The Community of Ada

### **How To Apply**

Visit our website [www.dekkofoundation.org](http://www.dekkofoundation.org); click on the words "How to Apply" on our home page.

### **Proposal Deadlines**

We do not have grant proposal deadlines. Instead we ask that you give our board about 90 days to consider and research your proposal.

### **Contact Us**

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## FOSTER ECONOMIC FREEDOM THROUGH EDUCATION

People who knew Chet Dekko, our founder, know that he based his life on a few basic truths.

Mr. Dekko never wasted anything—not effort, not time, not words. That practice, applied thousands of times over his life, contributed to the development of a successful business and, in the end, a foundation to benefit the people and communities he held dear.

Another principle that Mr. Dekko embraced was,  
**“Concentration of effort is the key  
to human accomplishment.”**

We lost Mr. Dekko in 1992 at the age of 66. But we haven't lost touch with the beliefs that were most important to him.

If you've talked to us or visited our website lately you've noticed that we're concentrating our efforts and asking grantseekers to do the same. We're working with grantees to plan clearly, on the front side, for the results they want to achieve. What kind of results? Here are some standouts:

- Students with challenges to academic success are receiving, and repaying, loans for equipment that they'll need for on-the-job experiences.
- Teen parents are not just graduating high school; they're graduating from college with paychecks large enough to support a bright future for their child.

Following Mr. Dekko's lead, we're concentrating our efforts (and that of our grantees) to accomplish the result of economic freedom for the people and communities we serve.

**Dee Slater**  
*Grants Manager*





## Teens 'N Tots *Childcare*

### Results Concentrate

When a teenager becomes a parent, history tells us one thing loud and clear: That young person has a 75% chance of not finishing high school. With a family to support and few marketable skills, most teen parents begin their adult life with two strikes against them. Their lifetime earnings expectation equals that of a high school dropout: \$15,100 per year.

When a teen parent has the support of a program like Teens 'N Tots (TNT), having a baby so young doesn't have to mean the end of a bright future. Parenthood means that the teen will need to work very hard to care for their baby and finish high school... but with TNT's support, they will finish high school. TNT participants have a 98% high school graduation rate. Instead of settling for minimum wage, these teen parents' earnings expectations rise to that of the average high school grad: \$32,000 per year.

But TNT doesn't stop there. TNT's leaders know that to head a successful family today, and have the resources to nurture and educate children, education beyond high school is key. That's why TNT supports teen parents as they pursue a two- or four-year degree beyond high school. Eighty percent of TNT's teen parents succeed and line up for the earnings expectations of a person with a college degree: about \$61,000.

Teens 'N Tots is sponsored by the Heartline Pregnancy Center in Warsaw, Indiana. Teen parents drop their children off at the TNT site for quality childcare and preschool. Teen parents attend school, learn life skills and participate in mentoring



**Annual earnings  
increase  
from \$15,100  
to \$32,000.  
Hmmm... that's a  
pretty good result.**



**Annual earnings  
increase from  
\$15,080 to \$60,000  
and beyond. Wow!**





and support groups. TNT also matches each teen with a sponsor who sends weekly encouragement like letters, cards and occasional gifts or treats.

TNT has developed this recipe of support over the years to meet the needs of teen parents. Many teen parents are from broken families and a cycle of poverty. TNT knows this cycle and is prepared to heal teens, help them build their self-esteem and teach them what they, and their child, need to thrive.

**Emily, Ella and  
Nathan Behny and  
Aidan Davila**

Emily started TNT when she was a junior in high school, two weeks after giving birth to Aidan. She struggled, but continued on to graduate. Emily grew through TNT's education and support groups and her own hard work. She has now finished college, and met and married her husband Nathan. The couple has bought their own home and welcomed baby Ella. Angela Wood, executive director of the Heartline Pregnancy Center says, "Emily is a walking success story! We hired her two weeks ago to be part of our TNT staff. Her story still gives me goose bumps!"





## Early Childhood Development

*We believe...* that quality early childhood education is the basis for a life of economic freedom. That early childhood (birth to five) is the most critical stage for children's social, emotional, intellectual, physical and spiritual development. **In the area of Early Childhood Development we want to invest in the following results:**

- » Increasing the number of parents who are prepared to fulfill their role as their child's first and best teacher.
- » Increasing the number of homes, childcare centers and preschools that are prepared to put child development principles into practice.
- » Increasing early childhood programs' ability to support child development.
- » Increasing community involvement in the development of children ages birth to five.

### Early Childhood Development Investments Made In 2010 Grants of \$5,000 and above

| Organization Name                       | Location          | Project Title                      | Grant Amount |
|---|-------------------|------------------------------------|--------------|
| Agape' Day Care Ministry                | Stroh, IN         | Long term revenue development      | \$33,750     |
| Childcare Education Resources           | Athens, AL        | Improving early education          | \$259,455    |
| Children First Center                   | Auburn, IN        | Clinical social worker salary      | \$59,520     |
| Church of the Good Shepherd Preschool   | Winona Lake, IN   | Book Buddies                       | \$7,800      |
| Creative Play School                    | Auburn, IN        | Building expansion                 | \$135,000    |
| Early Childhood Alliance                | Fort Wayne, IN    | Parents as Teachers                | \$402,304    |
| East Union Community Schools            | Afton, IA         | Early childhood development center | \$850,000    |
| Iowa State University                   | Creston, IA       | Little Farmer's Barnyard           | \$10,000     |
| Kendallville Public Library             | Kendallville, IN  | Book Buddies                       | \$12,200     |
| Lifeline Youth and Family Services      | Fort Wayne, IN    | Home-based services training       | \$8,900      |
| New Beginnings Preschool and Child Care | Milford, IN       | Toddler program                    | \$10,000     |
| Ringgold County Public Health           | Mount Ayr, IA     | Parents as Teachers                | \$29,530     |
| Sonshine Childcare                      | South Whitley, IN | Operating support                  | \$7,000      |
| Southwestern Community College          | Creston, IA       | Improving early education          | \$239,985    |







Many organizations measure the impact of the work they do by tracking the number of people or organizations that sign up for their services. The Indiana Youth Institute (IYI) does that, but then goes further. IYI checks back with its clients six months after their interaction to see if the training and support they're offering is helping organizations truly make change for the better. If nothing's changing, IYI knows it's time to tweak its programming to offer maximum benefit.

IYI is an Indianapolis-based provider of information, inspiration and consulting for youth-serving nonprofits across the state of Indiana.



One of Junior Achievement of Northeast Indiana's major focuses is on teaching high school students how to budget, save, invest and use credit wisely. Although they weren't always able to prove it, JA's leaders believed they were giving young people life-changing information. Last year JA began surveying participants several years after their learning experience. No surprise! JA learned that 76% of its participants remembered that credit cards make a person more likely to make an impulse purchase. And 81% said they'd be likely to make out a personal budget thanks to information learned through their JA studies.





## Middle Childhood Development

*We believe...* that middle childhood development (six to twelve) builds on a child's early childhood experiences. We also believe that each child develops in their own way, and on a timetable that reflects their unique needs. **In the area of middle childhood development we want to invest in the following results:**

- » Increasing the number of parents who are actively involved in choosing the quality of their child's education.
- » Transitioning learning environments from a focus on adult needs to a focus on children's needs.
- » Increasing the number of learning environments that are closely aligned with children's developmental needs. (These environments will include: engaging age-appropriate materials and learning processes designed to address the developmental needs of each child.)
- » Increasing the total number of Developmental Assets that children possess.
- » Increasing the number of youth-serving organizations that are prepared to address the developmental needs of six to twelve year-olds.

### MIDDLE CHILDHOOD DEVELOPMENT INVESTMENTS MADE IN 2010 GRANTS OF \$5,000 AND ABOVE

| Organization Name                          | Location          | Project Title                         | Grant Amount |
|--|-------------------|---------------------------------------|--------------|
| Athens City Schools                        | Athens, AL        | Developing Leaders program            | \$10,000     |
| Butler Youth Evangelistic Association      | Butler, IN        | Filling Station building upgrade      | \$10,000     |
| Central Noble Community School Corporation | Albion, IN        | 4-Star school libraries               | \$10,000     |
| Central Noble Community School Corporation | Albion, IN        | Quality schools initiative            | \$40,000     |
| Clarke Community Schools                   | Osceola, IA       | Balanced Literacy bookroom            | \$10,000     |
| College Mentors for Kids                   | Winona Lake, IN   | Operating support                     | \$18,000     |
| Diagonal Community Schools                 | Diagonal, IA      | Sites for Learning                    | \$250,000    |
| Faith Christian Academy                    | Athens, AL        | Development officer salary            | \$36,167     |
| GAP Limited                                | LaGrange, IN      | Operating support                     | \$7,800      |
| Grace College and Seminary                 | Winona Lake, IN   | Kosciusko Lakes and Streams           | \$25,000     |
| Historic Forks of the Wabash               | Huntington, IN    | Building expansion                    | \$20,000     |
| Indiana Newspaper in Education Foundation  | Indianapolis, IN  | Newspaper in Education program        | \$45,000     |
| Junior Achievement of Northern Indiana     | Fort Wayne, IN    | Finance Park Endowment Campaign       | \$500,000    |
| LEAP of Noble County                       | Albion, IN        | Operating support                     | \$120,000    |
| Limestone County Schools                   | Athens, AL        | Elementary playground                 | \$20,000     |
| Mount Ayr Community Schools                | Mount Ayr, IA     | Science lab                           | \$23,640     |
| Murray Community School Corporation        | Murray, IA        | Elementary library update             | \$20,000     |
| Noble County Superior Court                | Albion, IN        | Summer camp for children              | \$12,000     |
| Oak Farm School                            | Avilla, IN        | Operating support                     | \$2,000,000  |
| Passages                                   | Columbia City, IN | Capacity building                     | \$7,500      |
| Science Central                            | Fort Wayne, IN    | Science education outreach            | \$66,521     |
| St. Malachy School                         | Creston, IA       | Instructional decision making project | \$18,600     |
| Steuben County 4-H Fair Board              | Angola, IN        | Goat barn project                     | \$5,000      |



# Adolescent Development

*We believe...* that adolescent development (13 to 18) builds on a child's experiences in middle childhood. That each adolescent develops in their own way, and on a timetable that reflects their unique needs.

In the area of Adolescent Development we want to invest in the following results:

- » Increasing the number of parents who are actively involved in choosing the quality of their adolescent's education.
- » Transitioning learning environments from a focus on adult needs to a focus on adolescents' needs.
- » Increasing the number of learning environments that are closely aligned with adolescents' developmental needs.
- » Increasing the total number of Developmental Assets that adolescents possess.
- » Increasing the number of youth-serving organizations that are prepared to address the developmental needs of 13 to 18 year-olds.
- » Increasing community involvement in the development of 13 to 18 year-olds.
- » Increasing the number of opportunities for young people to participate in leadership experiences that offer strong community connections.
- » Increasing opportunities for young people to take on responsibility and make meaningful steps toward economic freedom.

## ADOLESCENT DEVELOPMENT INVESTMENTS MADE IN 2010 GRANTS OF \$5,000 AND ABOVE

| Organization Name   | Location          | Project Title                             | Grant Amount |
|---|-------------------|---|--------------|
| Baker Youth Club  | Warsaw, IN        | Dropout prevention                        | \$27,289     |
| Cahoots Coffee Café   | Angola, IN        | Operating support                         | \$6,000      |
| DeKalb County Central United School District                | Auburn, IN        | Capacity building                         | \$7,200      |
| DeKalb County Community Foundation                          | Auburn, IN        | Youth philanthropy—VOICE                  | \$21,500     |
| DeKalb County Community Foundation                          | Auburn, IN        | DeKalb County Project Hope                | \$45,000     |
| Elkmont High School Foundation                              | Elkmont, AL       | Endowment for educational projects        | \$67,000     |
| Fargo-Moorhead Area Foundation                              | Fargo, ND         | Youth philanthropy—Pod Squad              | \$12,000     |
| Fellowship of Christian Athletes                            | Fort Wayne, IN    | Operating support                         | \$20,000     |
| Garrett-Keyser-Butler Community School District             | Garrett, IN       | Equipment for vocational education        | \$50,000     |
| Harold W McMillen Center for Health Education               | Fort Wayne, IN    | Health education outreach                 | \$20,000     |
| Heartline Pregnancy Center                                  | Warsaw, IN        | Teen parent education expansion           | \$5,000      |
| Indiana Youth Institute                                     | Indianapolis, IN  | Operating support                         | \$360,000    |
| Kosciusko County Community Foundation                       | Warsaw, IN        | Youth philanthropy—KEYS                   | \$12,000     |
| LaGrange County Community Foundation                        | LaGrange, IN      | Youth philanthropy—LIFE                   | \$27,000     |
| Ligonier Presbyterian Church                                | Ligonier, IN      | Teen parent education                     | \$7,000      |
| Limestone Area Foundation                                   | Athens, AL        | Youth philanthropy—TRAIL                  | \$9,200      |
| Limestone County Schools                                    | Athens, AL        | Creating Leaders initiative               | \$20,000     |
| Noble County Community Foundation                           | Ligonier, IN      | Youth philanthropy—PULSE                  | \$10,000     |
| Passages  | Columbia City, IN | Enrichment for students with disabilities | \$6,480      |
| South Central Iowa Community Foundation                     | Chariton, IA      | Youth philanthropy—YACC                   | \$9,000      |
| South Central Iowa Community Foundation                     | Chariton, IA      | Youth philanthropy—CCOPS                  | \$25,500     |
| South Central Iowa Community Foundation                     | Chariton, IA      | Youth philanthropy—ROCCS                  | \$11,250     |
| South Central Iowa Community Foundation                     | Chariton, IA      | Youth philanthropy—HELP                   | \$11,800     |
| South Central Iowa Community Foundation                     | Chariton, IA      | Youth philanthropy—SPLASH                 | \$12,000     |
| Steuben County Community Foundation                         | Angola, IN        | Youth philanthropy—FIST                   | \$23,250     |
| Teen Parents Succeeding                                     | Syracuse, IN      | Parent enrichment group                   | \$6,000      |
| The Center for Whitley County Youth                         | Columbia City, IN | Operating support                         | \$85,000     |
| The Quest Educational Foundation                            | Naples, FL        | Building expansion                        | \$344,394    |
| Warsaw Community Schools                                    | Warsaw, IN        | Welding center accreditation              | \$23,000     |
| Whittington Homes and Services<br>for Children and Families | Fort Wayne, IN    | Clinical coordinator salary               | \$23,400     |
| Whitko Community School Corporation                         | Pierceton, IN     | Biomedical course initiation              | \$15,000     |
| Whitley County Community Foundation                         | Columbia City, IN | Youth philanthropy—HANDS                  | \$10,500     |



# Community Development

*We believe...* that in order for young people and families to thrive, the communities that they live in must be healthy and vibrant.

**In the area of Community Development we want to invest in the following results:**

- » Increasing communities' baseline understanding of their strengths and weaknesses.
- » Increasing opportunities for families to enjoy leisure-time activities that expose young people to new experiences and areas of interest.
- » Increasing the number of communities that consider and engage young people as they:
  - Offer business opportunities
  - Provide leadership skill development
  - Promote charitable activities.
- » Increasing the number of opportunities for young people and families to experience local events and build strong community bonds.

## COMMUNITY DEVELOPMENT INVESTMENTS MADE IN 2010 GRANTS OF \$5,000 AND ABOVE

| Organization Name                               | Location          | Project Title               | Grant Amount |
|---|-------------------|-----------------------------|--------------|
| Auburn Arts Commission                          | Auburn, IN        | Sculptures on the Square    | \$10,000     |
| City of Afton                                   | Afton, IA         | Sports complex upgrade      | \$7,200      |
| City of Kendallville                            | Kendallville, IN  | Main Street Village project | \$9,000      |
| City of Kendallville                            | Kendallville, IN  | Kid City                    | \$15,000     |
| Cole Center Family YMCA                         | Kendallville, IN  | Operating support           | \$50,000     |
| DeKalb County Fair Association                  | Auburn, IN        | Restrooms—outdoor theater   | \$20,000     |
| Fort Wayne Children's Zoo                       | Fort Wayne, IN    | Zoo entrance renovation     | \$250,000    |
| Fort Wayne Philharmonic                         | Fort Wayne, IN    | Community engagement        | \$473,495    |
| Friends of the Lincoln Museum                   | Fort Wayne, IN    | Lincoln collection          | \$300,000    |
| Future Ligonier Alliance                        | Ligonier, IN      | Operation Foundation 2010   | \$8,000      |
| High Performance Government Network             | Fort Wayne, IN    | Improve local government    | \$15,000     |
| LaGrange County Parks and Recreation Department | LaGrange, IN      | David Rogers Days           | \$11,160     |
| North Webster Youth League                      | North Webster, IN | Field expansion             | \$15,000     |
| Northeast Indiana fund                          | Fort Wayne, IN    | 2020 Vision Project         | \$5,000      |
| Science Central                                 | Fort Wayne, IN    | Operating support           | \$20,000     |
| St. Joseph River Parks                          | St. Joe, IN       | Riverdale playground        | \$32,140     |
| YMCA of DeKalb County                           | Auburn, IN        | Operating support           | \$25,000     |







This time last year, when high school welding students left the Four County Vocational Cooperative in northeast Indiana they had the skills to land full time jobs as Qualified Welders and, at \$12 per hour, that was a pretty good place to start. But Four County's leaders knew that they could offer students more. So, in 2010, they took their welding laboratory through a national certification process. Certification meant a mountain of paperwork, and a \$6,000 investment. But now those same graduates are Certified Welders, prepared to work on complex construction projects and earn \$18+ per hour. That's a \$12,000 pay raise for these new workers.



Board of Directors

Dekko Foundation, Inc.

Kendallville, Indiana

Independent Accountants' Report

We have audited the accompanying modified cash basis statements of financial position of Dekko Foundation, Inc. (Foundation) as of August 31, 2010 and 2009, and the related statements of activities for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Foundation's policy is to prepare its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dekko Foundation, Inc. as of August 31, 2010 and 2009, and the changes in its net assets for the years then ended on the basis of accounting described in Note 1.

December 13, 2010

BKD, LLC





## Statements of Financial Position

August 31, 2010 and 2009

(Modified Cash Basis)

|                                  | 2010                  | 2009                  |
|----------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                    |                       |                       |
| Cash and cash equivalents        | \$ 6,347,363          | \$ 8,828,042          |
| Investments                      | 188,203,586           | 195,397,594           |
| Property and equipment, net      | <u>78,962</u>         | <u>85,535</u>         |
| Total assets                     | <u>\$ 194,629,911</u> | <u>204,311,171</u>    |
| <b>Liabilities</b>               |                       |                       |
| Payroll tax withholdings         | \$ 4,378              | 3,892                 |
| <b>Net Assets, unrestricted</b>  | <u>194,625,533</u>    | <u>204,307,279</u>    |
| Total liabilities and net assets | <u>\$ 194,629,911</u> | <u>\$ 204,311,171</u> |

## Statements of Activities

Years ended August 31, 2010 and 2009

(Modified Cash Basis)

|  | 2010                  |                     | 2009                  |                     |
|--|-----------------------|---------------------|-----------------------|---------------------|
|  | Total                 | Percent<br>of Total | Total                 | Percent<br>of Total |
| <b>Receipts</b>  |                       |                     |                       |                     |
| Contributions  | \$ 1,500,000          | 94.73%              | \$ 50,000             | .88%                |
| Interest and dividend income   | 4,513,285             | 285.01              | 5,491,266             | 97.13               |
| Net realized losses on investments                                   | (4,445,995)           | (280.77)            | (11,301,968)          | (199.90)            |
| Other  | <u>16,236</u>         | <u>1.03</u>         | <u>106,960</u>        | <u>1.89</u>         |
| Total receipts   | <u>1,583,526</u>      | <u>100.00%</u>      | <u>(5,653,742)</u>    | <u>100.00</u>       |
| <b>Disbursements</b>   |                       |                     |                       |                     |
| Grants   | 8,998,333             | 79.89%              | 8,175,462             | 80.14%              |
| Administrative   | 700,923               | 6.22                | 680,809               | 6.67                |
| Library  | 1,489                 | .01                 | 892                   | .01                 |
| Depreciation   | 15,665                | .14                 | 15,341                | .15                 |
| Utilities  | 17,457                | .15                 | 18,885                | .19                 |
| Office supplies  | 7,557                 | .07                 | 9,122                 | .09                 |
| Equipment  | 8,289                 | .07                 | 4,532                 | .04                 |
| Repair and maintenance   | 84,541                | .75                 | 43,764                | .43                 |
| Dues and membership  | 12,960                | .12                 | 21,222                | .21                 |
| Training   | 10,416                | .09                 | 15,091                | .15                 |
| Travel   | 28,125                | .25                 | 22,526                | .22                 |
| Postage  | 4,813                 | .04                 | 4,554                 | .04                 |
| Insurance  | 24,135                | .21                 | 23,010                | .23                 |
| Professional fees  | 80,795                | .72                 | 109,968               | 1.08                |
| Investment management fee  | 1,171,527             | 10.40               | 984,844               | 9.66                |
| Federal excise tax and unrelated<br>business income tax (recoveries) | 30,158                | .27                 | (3,581)               | (.04)               |
| Other  | <u>68,089</u>         | <u>.60</u>          | <u>74,705</u>         | <u>.73</u>          |
| Total disbursements  | <u>11,265,272</u>     | <u>100.00%</u>      | <u>10,201,146</u>     | <u>100.00%</u>      |
| <b>Change in unrestricted net assets</b>                             | <u>(9,681,746)</u>    |                     | <u>(15,854,888)</u>   |                     |
| <b>Unrestricted net assets, beginning of year</b>                    | <u>204,307,279</u>    |                     | <u>220,162,167</u>    |                     |
| <b>Unrestricted net assets, end of year</b>                          | <u>\$ 194,625,533</u> |                     | <u>\$ 204,307,279</u> |                     |



**NOTE 1**  
**NATURE OF OPERATIONS AND SUMMARY**  
**OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Dekko Foundation, Inc. (Foundation) was incorporated as a not-for-profit foundation in 1981, under the laws of the state of Indiana. The mission of the Foundation is to foster economic freedom through education in the areas where its founder, Mr. Chester E. Dekko, had an interest. For that reason, the Foundation focuses its grantmaking in portions of Alabama, Florida, Indiana, Iowa and Minnesota. Primary sources of revenue for the Foundation are estate contributions and investment income. Mr. Dekko's intent for his foundation was to give young people the opportunity for high-quality experiences that would lay the groundwork for the development of financial independence. To carry out that mission, the Dekko Foundation makes grants to not-for-profit organizations that promote developmentally appropriate experiences. The Foundation also invests in the capacity of youth and community development organizations to sustain and elevate their work.

**Use of Estimates**

The preparation of financial statements in conformity with the Foundation's modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Basis of Accounting**

The financial statements have been prepared on a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States of America (GAAP) as follows:

- Cash paid to charitable organizations and vendors is expensed when paid, not when the grant is approved or when the obligation is incurred as required by GAAP.
- Investments are recorded at cost, not fair value, and investment income is recorded when received, not when earned, as required by GAAP. In addition, certain disclosures are not provided regarding the nature of certain investments, as required by GAAP.

**Net Asset Classifications**

The following class of net assets is maintained:

*Unrestricted Net Assets*

The unrestricted net asset class includes general assets and liabilities of the Foundation. The unrestricted net assets of the Foundation may be used at the discretion of management to support the Foundation's purposes and operations.

**Cash and Cash Equivalents**

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At August 31, 2010, cash equivalents consisted primarily of money market accounts with brokers.

One or more of the financial institutions holding the Foundation's cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Under the program, through December 31, 2012, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account.

For financial institutions opting out of the FDIC's Transaction Account Guarantee Program or interest-bearing cash accounts, the FDIC's insurance limits were permanently increased to \$250,000, effective July 21, 2010. At August 31, 2010, the Company's cash accounts exceeded federally insured limits by approximately \$3,435,000.

**Investments**

Marketable securities and other investments are recorded at cost or, if donated, at the fair value at the date of gift. Other investments are comprised of nonmarketable securities, such as private partnerships and limited liability corporations. Investment gains and losses are recognized upon realization using the specific-identification method.

**Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. The Foundation is considered to be a private foundation under Section 509(a) of the Code. The Foundation is subject to excise tax on investment income. In addition, the Internal Revenue Service requires that certain minimum distributions be made in accordance with a specified formula.

**Property and Equipment**

Expenditures for property and equipment and items, which substantially increase the useful lives of existing assets, are capitalized at cost. The Foundation provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

|                            | YEARS |
|----------------------------|-------|
| Furnishings and equipment  | 5-7   |
| Buildings and improvements | 15-31 |



**NOTE 2**  
**INVESTMENTS**

The Foundation's investments are as follows:

|   | 2010                 |                      | 2009                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | COST                 | FAIR VALUE           | COST                 | FAIR VALUE           |
| U.S. Government and U.S. Government agency securities | \$ 17,609,777        | \$ 18,535,662        | \$ 32,164,458        | \$ 32,823,832        |
| Equities  | 107,206,080          | 109,916,886          | 101,340,345          | 97,000,485           |
| Corporate bonds                                       | 28,024,211           | 30,546,640           | 21,451,044           | 22,828,384           |
| Nonmarketable securities                              | <u>35,363,518</u>    | <u>39,967,950</u>    | <u>40,441,747</u>    | <u>41,115,372</u>    |
| Total   | <u>\$188,203,586</u> | <u>\$198,967,138</u> | <u>\$195,397,594</u> | <u>\$193,768,073</u> |

The fair value is based on quoted prices in active markets, if available. In the absence of readily determinable fair values, the fair value of alternative investments is based on the net asset value of the fund either provided by the investment's fund manager or general partner or estimated by management based on audited financial statements received from the respective investment's fund manager or general partner.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the notes to the financial statements.

**Note 3**  
**Property and Equipment**

The Foundation's property and equipment are as follows:

|                            | 2010             | 2009             |
|----------------------------|------------------|------------------|
| Buildings and improvements | \$ 439,931       | \$ 439,931       |
| Furnishings and equipment  | <u>209,713</u>   | <u>209,958</u>   |
|                            | 649,644          | 649,889          |
| Accumulated depreciation   | <u>(570,682)</u> | <u>(564,354)</u> |
| Total                      | <u>\$ 78,962</u> | <u>\$ 85,535</u> |

**Note 4:**  
**Employee Benefits**

The Foundation maintains a 403(b) defined-contribution plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. The Foundation's contribution consists of a discretionary contribution of 10% of eligible compensation, and a matching contribution of 100% of employee contributions, up to 5% of eligible employee compensation. The Foundation's contribution to the plan was \$74,540 and \$70,319 for 2010 and 2009, respectively.

**Note 5**  
**Related Party Transactions**

During 2010 and 2009, a portion of the Foundation's investments were managed by an investment advisor who is a related party of the Foundation in the amount (cost basis) of \$36,272,205 and \$39,818,431 as of August 31, 2010 and 2009, respectively. The investment advisory fee (which was paid to the brokerage firm, not the related party advisory firm) was \$235,907 and \$217,665 for the years ended August 31, 2010 and 2009, respectively.

**Note 6**  
**Commitments and Contingencies**

The Foundation is a guarantor for a series of tax-exempt bonds. The Foundation is only liable for these bonds if the four primary parties default on their portion of the bonds payable. The principal balances of the bonds outstanding at August 31, 2010 and 2009, were \$5,040,000 and \$5,910,000, respectively. The bonds incur interest at a floating rate set each month. At August 31, 2010 and 2009, the Foundation has not been required to execute its guarantee.

**Note 7**  
**Subsequent Events**

Subsequent events have been evaluated through December 13, 2010, which is the date the financial statements were available to be issued.









## Tell us about your *Results*

We're celebrating the 30th anniversary of the Dekko Foundation this year. That's 30 years of Mr. Dekko's vision... 30 years of focus on economic freedom... and a strong focus on results.

This August, at the end of our 2011 year, we'll celebrate the Foundation's anniversary with \$30,000 grants to the five organizations within our grantmaking areas that can demonstrate the strongest focus on, and impact from, their results. If your organization is focused on making change, and causing positive results to happen, let us know about your work. Your organization could be recognized for its concentration of effort!



[dekkofoundation.org](http://dekkofoundation.org)

**Thomas Leedy**  
*President*