

# UNCOMFORTABLE

DEKKO FOUNDATION  
2012 ANNUAL REPORT

# WE ALL HAVE THEM.

Those cringe-worthy things  
that make us feel uncomfortable.

An elevator ride with a stranger.

Overnight travel with your boss.

Realizing, too late, that you're wearing highwater pants.

On the other hand, most of us find  
great comfort in our routines.

Two eggs sunny side up with whole wheat toast for breakfast.

The quick route to work.

The same radio station, with the familiar dj.

We want to ask a question: given our love of routines, is it possible that we've gotten a little too comfortable with the way we nurture and teach our children?

Today we know more about how children grow and develop than ever before. *(In fact, more research has been conducted on the brains of children and young people in the last two years than in all past history!)* So, would it surprise you to learn that, at the Dekko Foundation, we continue to receive grant proposals for some very comfortable projects?

# UNCOMFORTABLE

Just for fun we asked some of our grantseekers, committee members and staff what makes them uncomfortable.

Enjoy their answers throughout our annual report!

## CLOSE TALKERS

Patrick Russell  
*Milton and Rose D. Friedman Foundation  
Indianapolis, Indiana*

---

## WHEN I TELL A JOKE AND NO ONE LAUGHS

Nolan Sponseller  
*phish Philanthropic Youth Group  
Warsaw, Indiana*



## THOSE LITTLE TROLL DOLLS

Sherry Hanchar  
*Butler Early Education  
Butler, Indiana*

As we talk with our grantseekers we're spreading the word. We want to invest in organizations that take the lifelong learner approach. The leaders of these organizations will know the timeless child development principles but not be satisfied until they've heard the conclusions of smart new research. They'll be willing to put up with a little organizational discomfort to offer children and young people what they need to thrive.

We think this is the best approach to get children ready for life and lay the basis for economic freedom, our founder's passion.

In this report you'll meet some people who truly listened to the children around them and did a little research on what they need to thrive. Then these leaders went in new, humbling, and often uncomfortable directions to make sure that they got child and youth development right.

***We don't know about you,  
but if it means thriving  
children, we're willing to  
be a little uncomfortable  
in 2013, and beyond!***

#### HIGHWATER PANTS

Tom Leedy  
Dekko Foundation  
Kendallville, Indiana



# UNCOMFORTABLE



## ELEVATOR CONVERSATIONS

Jennifer Sholund  
*Lifeline Youth and Family Services  
Fort Wayne, Indiana*

---

## WHEN I SEE A TEACHER OUTSIDE OF SCHOOL

Kassey Sather  
*phish Philanthropic Youth Group  
Gary, Minnesota*

---

## PAINTED ON EYEBROWS

Monica Garner  
*The Village Early Childhood Center  
Osceola, Iowa*



## ORANGE LADYBUGS EVERYWHERE

Verlin Collins  
*Ardmore Public Library  
Ardmore, Alabama*



# UNCOMFORTABLE



## PUBLIC SPEAKING

Linda Dunn

*Waterloo Grant Township Public Library  
Waterloo, Indiana*

# When we say we mean play

Close your eyes and think childcare center playground. You're picturing a red and blue play set with a yellow slide down one side, right? Shredded tires cover the ground and a chain link fence keeps children inside.

That is what The Village used to have. But last year when they relocated their playground away from a busy road, they decided that old school was not for them.

"Traditional playgrounds are skills-based," says Monica Garner, The Village's executive director. "On them, children climb, they slide. Teachers stand next to them like mediators and direct the play." Through her training and continuing education, Garner became interested in providing children with a play area that offers what she believes is best for their development. An area where children decide what to do and when and how to do it. An area for discovery and engagement of their senses.



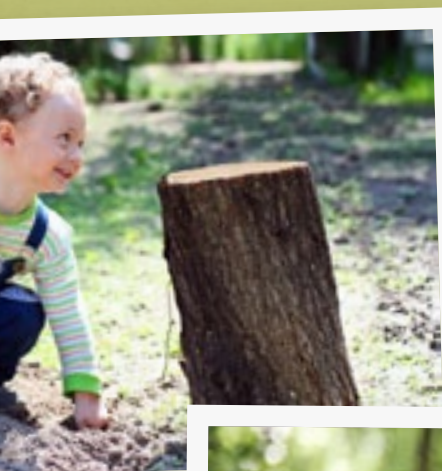
The Village's new playground has willow trees tied together to form a tunnel. There are stumps, a garden, a sand pit and a bridge. There are hills and grass for pete's sake. It doesn't even look like a playground! So you can imagine that parents and others were a little uncomfortable when they saw the new play area roll out.

But that was before the light bulbs came on. That was before people saw firsthand how nature can help children learn.

"This environment helps children solve problems and manage risk," Garner says. "How do I get my trike over the bridge? How can I get up that hill without falling? Nature is a little unpredictable and it helps children to self-regulate. They get into situations and then they get themselves out of them. That gives them confidence."

Bottom line? The playground isn't quite finished yet. But except for the coldest, wettest days children are out there. "They have red cheeks," Garner says. "They're solving problems. And how do we feel when we solve a problem? We feel great!"

# playground, ground.



**Monica Garner**  
*Director*



**THE VILLAGE EARLY CHILDHOOD CENTER**

Osceola, Iowa  
Childcare and preschool

*Dekko Foundation Investment*

*\$19,000 to relocate and re-imagine a playground*



# UNCOMFORTABLE



**DENTAL APPOINTMENTS**

Sharon Smith  
*Dekko Foundation*  
*Kendallville, Indiana*

# Nonfiction books all about getting

Anyone who meets Andrea Michel would agree on one thing. She exudes enthusiasm for children and their learning. Michel is the elementary media specialist at Indiana's Tippecanoe Valley School Corporation. She staffs libraries in the communities of Akron and Mentone.

By networking with colleagues in her school and beyond, Michel became keenly aware a few years ago that children need practice in reading nonfiction. After all, as humans, most of the reading we do to survive is nonfiction. But typically schools focus much of their instruction on fiction.

That's when Michel became a little uncomfortable. She wanted to meet students' needs. But the average nonfiction book in her library was 25 years old and, old or not, she could only find the books to match students' interests about half of the time. How could she meet the students' need to read nonfiction?

Undaunted, Michel planned a \$12,500 project that used money from her school's tight library budget and book fair. And she sent a grant proposal to the Dekko Foundation. Once her grant proposal was accepted, she set out to get the right books in her libraries. But what should she buy?

Michel decided to survey the students. Nothing fancy. Just a quick Survey Monkey so simple that, with a little help, even the youngest children could participate. The conclusion? 47% of students wanted books about animals. 36% wanted to read about sports. 23% wanted books about history and war. "Oh and the Titanic," Michel laughs. "No matter how many books you get on the Titanic, it's never enough."

One year later, 558 new nonfiction books fill backpacks of students at these two schools. Students are devouring the new books that were purchased with them in mind. They're honing a vital skill, and loving it!



Books are  
making real.



**Andrea Michel**  
*Media Specialist*



**TIPPECANOE VALLEY SCHOOL CORPORATION**

Akron, Indiana

Public school for Kindergarten through Grade 12

*Dekko Foundation Investment*

*\$10,000 for nonfiction books*



UNCOMFORTABLE



**STILETTO HEELS**

Robin McCormick

*Dekko Foundation*

*Kendallville, Indiana*

# High engagement low embarrassment

Sometimes troubled teens need someone to step in, temporarily, for their families. That's the purpose of Pierceton Woods Academy.

"Because of the things these kids have experienced, like trauma and abuse, our youth are anti," says Kevin Hedrick, Vice President of Residential Services. "Anti-school, anti-authority, anti-structure. They need healthy adults in their lives and they need to see positive behaviors."

Nearly all of Pierceton Woods' teens have fallen behind and need help to complete high school. "When we built our facility four years ago we planned our classrooms for traditional education," Hedrick says. "Class from eight to four. A teacher in the front. Paper and pencil assignments. And a test at the end."

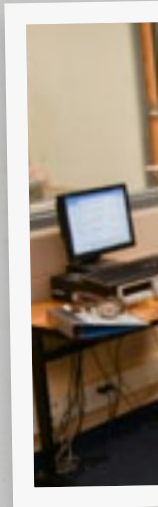
"We tried what we knew to make our school better," he continues, "but we had behavior issues. We had kids frustrated and stressed out. So we asked ourselves, 'What have our kids had problems with in the past?' Traditional education! They didn't like it then. They don't like it now."

That's when Pierceton Woods' leaders tried something new. "We offered a half day of online, self-paced curriculum," Hedrick explains. "It is high engagement and low embarrassment." It worked instantly! "Behaviors improved. Kids stayed in class. The whole culture changed."

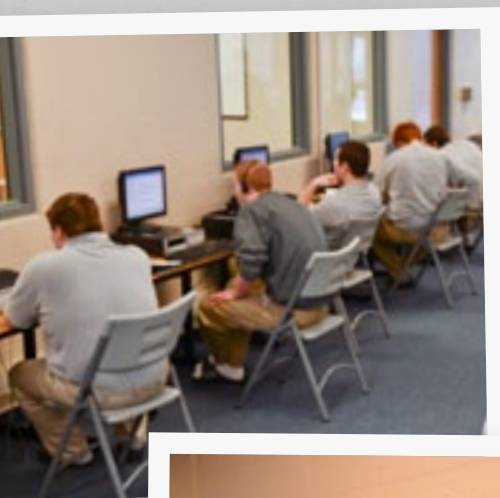
The new school day also includes leadership training, a construction component and restaurant training. "As our students use their hands, they're more engaged," Hedrick says. "They're not so anti. They start thinking that school is important, that they have something to learn from others. They begin to see their teachers not so much as authority figures, but as role models."

Put yourself in the shoes of this organization. Its students are thriving with the new school day—that's good. Now a campus that is only two years old must be expanded to fit new ways of educating students—that's not so good. "At first we were not comfortable with it," Hedrick says. "But when we focused on what was best for our kids, that made the decision to expand clear."

"It is worth it in the end to see the walls come down within these students," Hedrick concludes. "To see their pride. It was absolutely a good way to go."



ment,  
sment.



**Kevin Hedrick**  
*Vice President of Residential Services*



**LIFELINE YOUTH & FAMILY SERVICES**  
Pierceton Woods Academy  
Pierceton, Indiana  
Therapeutic services for youth and families

*Dekko Foundation Investment*  
\$21,400 for vocational and leadership development

# GRANTS AWARDED IN 2012

ORGANIZATION	LOCATION	PROJECT	GRANT AMOUNT
<b>EARLY CHILDHOOD DEVELOPMENT</b>			
Clarke County Public Health	Osceola, IA	Parents as Teachers	\$24,108
Community Coordinated Child Care	South Bend, IN	Community Education	\$27,000
Early Childhood Alliance	Fort Wayne, IN	In-home Childcare Education	\$4,900
Early Childhood Alliance	Fort Wayne, IN	Parents as Teachers	\$110,000
Fremont Community Schools Head Start	Fremont, IN	Bully-Proofing Preschoolers	\$3,830
Heartline Pregnancy Center	Warsaw, IN	Preschool/Childcare Expansion	\$8,800
Heartline Pregnancy Center	Warsaw, IN	Consulting for Strategic Planning	\$4,500
Kendallville Public Library	Kendallville, IN	Early Literacy Programming	\$5,800
Memorial Hospital of South Bend	South Bend, IN	Play Builds Strong Minds Expansion	\$150,000
North Webster Day Care	North Webster, IN	Consulting for Staff Training	\$1,370
North Webster Day Care	North Webster, IN	Consulting for Board Development	\$5,359
North Webster United Methodist Church Child Care	North Webster, IN	Operating Support	\$1,000
Northeast Indiana Libraries Serving Communities	Columbia City, IN	Begin IN Books	\$10,000
Reach Out and Read	Indianapolis, IN	Reach Out and Read Program	\$3,000
Southwestern Community College	Creston, IA	Implementing Child Development Principles in Early Childhood Classrooms	\$166,800
St. Joseph School	Garrett, IN	Implementing Child Development Principles in Classrooms	\$20,000
St. Malachy School	Creston, IA	Preschool Collaboration and Training	\$9,000
Stepping Stones Preschool and Childcare	Columbia City, IN	Curriculum Assessment Training	\$19,870
Steuben County Community Foundation	Angola, IN	Angola Balloons Aloft Children's Area	\$3,500
The Village Early Childhood Center	Osceola, IA	Outdoor Play Area	\$19,000
United Way of Central Indiana	Indianapolis, IN	State-wide Early Childhood Improvement Initiative	\$5,000
Warsaw Wesleyan "Wee Care" Ministry	Warsaw, IN	Operating Support	\$3,000

## MIDDLE CHILDHOOD DEVELOPMENT

Ada-Borup Public School	Ada, MN	Elementary Playground	\$25,000
Boys and Girls Club of Athens/Limestone County	Athens, AL	Transportation	\$50,000
David's Temple Missionary Baptist Church	Tanner, AL	After School Tutoring	\$20,000
FAME	Fort Wayne, IN	Strategic Planning and Fundraising Development	\$2,560
Harold W McMillen Center for Health Education	Fort Wayne, IN	Operating Support	\$22,500
Learn to Read Council of Athens and Limestone County	Athens, AL	After School Program	\$4,000
Learn to Read Council of Athens and Limestone County	Athens, AL	Summer Youth Literacy Program	\$4,150
Leon Public Library	Leon, IA	Puppet Theater	\$1,000
Oak Farm School	Avilla, IN	Construction of Upper Elementary Classrooms	\$3,278,850
Oak Farm School	Avilla, IN	Operating Support	\$2,000,000
Oak Farm School	Avilla, IN	High School Tuition Assistance	\$325,000
Tippecanoe Valley School Corporation	Akron, IN	Non-fiction Material Update	\$10,000
West Noble School Corporation	Ligonier, IN	No Excuses University	\$6,321



**READING THE BOOK ALIENS LOVE  
UNDERPANTS TO 2<sup>ND</sup> GRADERS**

**Bill Stockberger**  
**Steuben County Community Foundation**  
**Angola, Indiana**

**ACCEPTING  
CARING AND KINDNESS**

**Pam McKenry**  
**The Quest Learning Foundation**  
**Naples, Florida**

**NAME TAGS**

**Linda Speakman**  
**Noble County Community Foundation**  
**Ligonier, Indiana**

For much more information about the types of grants we make,  
visit our website [dekkofoundation.org](http://dekkofoundation.org) and click on the Our Grantmaking section of our home page.

ORGANIZATION	LOCATION	PROJECT	GRANT AMOUNT
<b>ADOLESCENT DEVELOPMENT</b>			
Cahoots Coffee Café	Angola, IN	Operating Support	\$37,000
Cahoots Coffee Café	Angola, IN	Just Say Hi Campaign	\$500
Columbia City High School Band Boosters	Columbia City, IN	Operating Support	\$30,000
DeKalb County Community Foundation	Auburn, IN	Philanthropic Youth Groups	\$20,000
Elijah Haven Crisis Intervention Center	LaGrange, IN	Violence Prevention	\$20,000
Fargo-Moorhead Area Foundation	Fargo, ND	Philanthropic Youth Groups	\$32,000
Fellowship of Christian Athletes	Fort Wayne, IN	Program Expansion	\$20,000
Kosciusko County 4-H Council	Warsaw, IN	Dairy Barn Repair	\$25,000
Kosciusko County Community Foundation	Warsaw, IN	Philanthropic Youth Groups	\$18,600
Kosciusko County Educational Development	Warsaw, IN	Middle School Life Coaches	\$22,600
LaGrange County Community Foundation	LaGrange, IN	Support of Youth Philanthropy	\$19,500
Lakeland Christian Academy	Warsaw, IN	Consulting for Strategic Planning	\$4,500
Lifeline Youth and Family Services	Pierceton, IN	Vocational and Employment Development	\$21,417
Limestone Area Community Foundation	Athens, AL	Philanthropic Youth Groups	\$19,500
Limestone County Schools	Athens, AL	Robotics and Engineering Vocational Education	\$112,500
Noble County Community Foundation	Ligonier, IN	Philanthropic Youth Groups	\$18,500
South Central Iowa Community Foundation	Chariton, IA	Philanthropic Youth Groups	\$87,428
Steuben County Community Foundation	Angola, IN	Philanthropic Youth Groups	\$16,500
Teen Parents Succeeding	Syracuse, IN	Education and Empowerment of Teen Parents	\$7,500
The Center for Whitley County Youth	Columbia City, IN	Three-Year Operating Support	\$106,000
The Studio Christian Youth Center	Albion, IN	Operating Support	\$10,000
Trine University	Angola, IN	BEST Camp—Engineering and Science Career Exploration	\$11,500
Union County Extension	Creston, IA	4-H Swine Building	\$3,500
Whitley County Community Foundation	Columbia City, IN	Philanthropic Youth Groups	\$17,500
<b>COMMUNITY DEVELOPMENT</b>			
Auburn Arts Commission	Auburn, IN	Art in Agriculture	\$5,000
Auburn Automotive Heritage, Inc.	Auburn, IN	Operating Support	\$5,000
Combined Community Services Inc.	Warsaw, IN	Capital Campaign	\$150,000
DeKalb County Community Foundation	Auburn, IN	Consulting for Board Development DeKalb Outdoor Theater	\$900
DeKalb County Community Foundation	Auburn, IN	Rieke Park Playground	\$500
Erin's House for Grieving Children	Fort Wayne, IN	Relocation Planning	\$5,000
Freedom Academy Inc.	Kendallville, IN	Operating Support	\$250,000
Garrett Public Library	Garrett, IN	Facility Needs Assessment	\$2,800
Gene Stratton-Porter Memorial Society	Rome City, IN	Operating Support	\$5,000
Joyce Public Library	Orland, IN	Technology Purchase	\$2,500
Judy A Morrill Recreation Center	Garrett, IN	Operating Support	\$75,000
Noble County Community Foundation	Ligonier, IN	Industry-to-Educator Externship	\$2,000
Noble County Community Foundation	Ligonier, IN	"Noble Vision" Community Consensus Building	\$4,000
Noble County Community Foundation	Ligonier, IN	THRIVE Noble County	\$30,000
Noble House	Albion, IN	Consulting for Strategic Planning	\$987
Passages Inc.	Columbia City, IN	Creative Learning Center	\$75,000
Steuben County Literacy Coalition	Angola, IN	Consulting for Strategic Planning	\$1,500
Stone's Trace Historical Society	Ligonier, IN	Festival and Living History Days	\$9,000
Symphony of the Lakes	Warsaw, IN	Consulting for Strategic Planning	\$4,000
Syracuse-Wawasee Park Foundation	Syracuse, IN	Youth Sports Complex	\$12,000
TLC-Steuben	Angola, IN	Consulting for Strategic Planning	\$1,350
Waterloo Grant Township Public Library	Waterloo, IN	Consulting for Capital Campaign Planning	\$5,400

## Independent Accountants' Report

Board of Directors  
Dekko Foundation, Inc.  
Kendallville, Indiana

We have audited the accompanying modified cash basis statements of financial position of Dekko Foundation, Inc. (Foundation) as of August 31, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets for the years then ended on the basis of accounting described in Note 1.

BKD, LLP

November 30, 2012

## Statements of Financial Position

August 31, 2012 and 2011 (Modified Cash Basis)

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 5,567,045	\$ 3,565,573
Investments	186,957,991	187,305,200
Property and equipment, net	121,766	132,190
Total assets	<u>\$ 192,646,802</u>	<u>\$ 191,002,963</u>
<b>Liabilities</b>		
Payroll tax withholdings	\$ 5,095	\$ 2,065
<b>Net Assets, unrestricted</b>	<u>192,641,707</u>	<u>191,000,898</u>
Total liabilities and net assets	<u>\$ 192,646,802</u>	<u>\$ 191,002,963</u>

## Statements of Activities

Years Ended August 31, 2012 and 2011 (Modified Cash Basis)

	2012		2011	
	Total	Percent of Total	Total	Percent of Total
<b>Receipts</b>				
Contributions	\$ 319,903	2.41%	\$ 533,050	6.11%
Interest and dividend income	4,866,332	36.71	5,068,868	58.06
Net realized gains on investments	8,034,044	60.60	3,104,946	35.56
Other	36,441	.28	23,991	.27
Total receipts	<u>13,256,720</u>	<u>100.00%</u>	<u>8,730,855</u>	<u>100.00%</u>
<b>Disbursements and Expenses</b>				
Grants	9,379,630	80.75%	9,988,349	80.84%
Administrative	775,407	6.67	756,729	6.13
Library	1,279	.01	1,360	.01
Depreciation	10,424	.09	18,098	.15
Utilities	16,116	.14	17,677	.14
Office supplies	7,946	.07	7,645	.06
Equipment	6,725	.06	6,455	.05
Repair and maintenance	65,185	.56	74,422	.60
Dues and membership	14,677	.13	12,932	.10
Training	8,280	.07	3,652	.03
Travel	24,007	.21	25,997	.21
Postage	6,098	.05	6,764	.05
Insurance	23,695	.20	23,462	.19
Professional fees	57,906	.50	68,604	.56
Investment management fee	1,063,829	9.16	1,220,343	9.88
Federal excise tax and unrelated business income tax	96,488	.83	42,980	.35
Other	58,219	.50	80,021	.65
Total disbursements and expenses	<u>11,615,911</u>	<u>100.00%</u>	<u>12,355,490</u>	<u>100.00%</u>
<b>Change in unrestricted net assets</b>	<b>1,640,809</b>		<b>(3,624,635)</b>	
<b>Unrestricted net assets, beginning of year</b>	<u><b>191,000,898</b></u>		<u><b>194,625,533</b></u>	
<b>Unrestricted net assets, end of year</b>	<u><b>\$ 192,641,707</b></u>		<u><b>\$ 191,000,898</b></u>	

## **Notes to Financial Statements**

August 31, 2012 and 2012 (Modified Cash Basis)

### **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 grant making 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, 2012 and 2011, cash equivalents consisted primarily of money market accounts with brokers.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At August 31, 2012, the Foundation's interest-bearing cash accounts exceeded federally insured limits by approximately \$580,000.

**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:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
U.S. Government and U.S. Government agency securities	\$ 13,802,113	\$ 15,493,381	\$ 16,598,230	\$ 18,680,515
Equities	103,292,852	118,269,512	100,572,457	112,299,431
Corporate bonds	32,048,052	33,461,332	32,968,927	34,592,182
Nonmarketable securities	37,814,974	41,630,695	37,165,586	43,858,965
Total	\$ 186,957,991	\$ 208,854,920	\$ 187,305,200	\$ 209,431,093

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

## Notes to Financial Statements

August 31, 2012 and 2012 (Modified Cash Basis)

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:

	2012	2011
Buildings and improvements	\$ 511,256	\$ 511,256
Furnishings and equipment	<u>209,713</u>	<u>209,713</u>
	720,969	720,969
Accumulated depreciation	<u>(599,203)</u>	<u>(588,779)</u>
Total	\$ <u>121,766</u>	\$ <u>132,190</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 \$83,145 and \$76,029 for 2012 and 2011, respectively.

### Note 5: Related Party Transactions

During 2012 and 2011, 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 \$29,022,742 and \$35,630,114 as of August 31, 2012 and 2011, respectively. The investment advisory fee (which was paid to the brokerage firm, not the related party advisory firm) was \$225,382 and \$262,685 for the years ended August 31, 2012 and 2011, 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 two primary parties default on their portion of the bonds payable. The principal balances of the bonds outstanding at August 31, 2012 and 2011, were \$2,625,000 and \$4,130,000, respectively. The bonds incur interest at a floating rate set each month. At August 31, 2012 and 2011, the Foundation has not been required to execute its guarantee.

### Note 7: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

# OUR FOUNDATION IS THE LEGACY OF MR. CHESTER E. (CAET) DEKKO

Our founder, Mr. Dekko, was born in 1926 in the town of Ada, Minnesota. His development was shaped by the love of a close-knit family and the realities of the Great Depression. Mr. Dekko's experiences forged in him a dedication to family and a certainty that education, hard work and self-reliance were the keys to a life of independence and choice.



In 1952 Mr. Dekko and a partner (Mr. Lyall Morrill) took on the significant personal and financial risk of starting a manufacturing business. Employing their similar convictions and work ethic, the partners' risk paid off as their business grew to be one of the largest privately-held operations in northeast Indiana. Together they manufactured wire harnesses—components used in lighting and automotive industries to mention a few.

In 1981, Mr. Dekko used his proceeds from that business venture to start the Dekko Foundation. As he considered how he would leave a legacy, Mr. Dekko consulted friends and family, and studied the wisdom of our country's founding fathers and contemporary thought leaders such as Milton and Rose Friedman. Again his convictions played a part in his decision making, as Mr. Dekko chose for his foundation the mission of *fostering economic freedom through education*.

Mr. Dekko passed away in 1992, but his vision continues through his foundation. Each investment we make is designed to help young people gain skills, knowledge and character that will prepare them for the kind of life to which Mr. Dekko aspired: One that offers the maximum opportunity for personal independence and choice.

## MISSION

To foster economic freedom through education.

## BOARD OF DIRECTORS

Erica Dekko, Tad Dekko, Phil Salsbery

## STAFF

Tom Leedy, President

Mary Allen, Grants Manager

Kim Davidson, Program Officer

Robin McCormick, Controller

Jenna Ott, Program Officer

Paige Romer, ICE Student and VP of Youthful Ideas

Kimberly Schroeder, Program Officer

Ashlee Slone, Program Officer

Sharon Smith, Program Director

Joanne Stutz, Child Development Specialist

## GRANT REVIEW COMMITTEE

Mike Axel, Kendallville, IN

Gayle Black, Athens, AL

Tom Morain, Lamoni, IA

Diana Parker, North Manchester, IN

Zach Shumaker, LaOtto, IN

Gaylord Toll, South Bend, IN

Alec Van Wagnen, Athens, AL

## INVESTMENT COMMITTEE

Scott Frick, Kendallville, IN

Dave Hunter, Kendallville, IN

Chuck Schrimper, Fort Wayne, IN



PO Box 548  
Kendallville, IN 46755

260-347-1278  
[dekkofoundation.org](http://dekkofoundation.org)  
[dekkodekkofoundation.org](mailto:dekkodekkofoundation.org)