

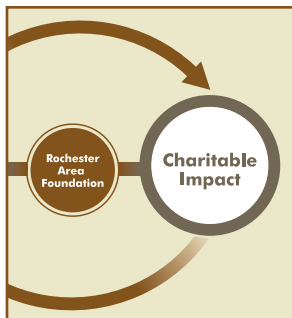


Rochester
Area Foundation

2011 REPORT TO THE COMMUNITY

The mission of the **Rochester Area Foundation** is to strengthen community philanthropy by promoting responsible and informed giving and to assist donors in meeting their charitable objectives.

The Foundation is dedicated to using its resources to improve the quality of life, promote greater equality of opportunities, and to develop effective methods to assist those in need in the greater Rochester area.



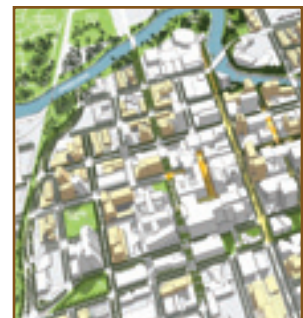
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LETTER FROM THE CHAIR



The economic downturn of the last several years has been a challenge for our community. Local businesses, non-profit organizations, and families have all had to find creative ways to make do with less. Fortunately, the Rochester area is privileged to be home to a technical and creative economy, strong non-profits, and a hard-working, well-educated population.

These assets have served Rochester well. We have all worked together to apply our sweat, adaptability, and brainpower to address our community's needs, and we will continue to find new and better ways to address our community's challenges. At the Rochester Area Foundation we believe that these same assets that have helped us weather the current economic storm will help us sail forward on the leading edge of the coming economic recovery.

However, there are still, and will continue to be, challenges in our future—educating our children for success in a rapidly changing world, providing homes for the new families who will fuel our continued growth, preserving public safety in an increasingly populous community, continuing to find new ways to grow and diversify our economy.

Fortunately for all of us, the donors to the Rochester Area Foundation have given to help the community solve problems while preserving and growing their investment to capitalize on opportunities in the future. Generations of donors to the Rochester Area Foundation recognized the ever present need for creative solutions to each new era's challenges. These donors demonstrate their confidence in the future of the Rochester area every day by passing on a measure of their success.

The work that we do in the Rochester area today is built upon the community's past achievements. Our donors remind us to take a long view of our community's health, and we are committed to continuing to honor our donors' belief in the future vitality and growth of Rochester and the surrounding communities for generations to come.

A handwritten signature in black ink, appearing to read "Leigh J. Johnson".

Leigh J. Johnson
Chair, Board of Trustees

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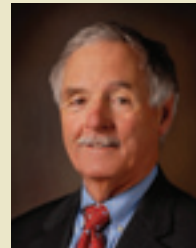
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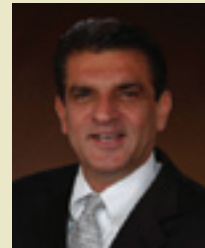
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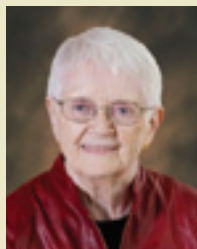
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The Rochester Area Foundation would like to thank the many people and organizations that have given so generously of both their time and money to assist in our efforts to help those in need and to preserve and improve the quality of life in the Rochester area.

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THE FOUNDATION THEN AND NOW

In 1914, a Cleveland banker named Frederick Goff created the first U.S. community foundation governed by local leaders to ensure donors' charitable objectives would be met over time. Goff's revolutionary idea spread to cities across the country and brought about the democratization of community philanthropy.

In 1942, Harry Harwick had no idea what his quiet community would look like more than 60 years into the future, but like Goff, he knew he wanted to be part of something that would grow, sustain, and better his community for generations to come. So, in 1944, Harwick founded the Rochester Area Foundation. Since its founding, the Rochester Area Foundation has provided the opportunity for all people to contribute to the community's common good and be part of something that's bigger than



Executive Director
Steve Thornton

themselves. Over the past 67 years, thousands of community residents have invested in the Foundation. Because the Foundation only spends the income earned from these investments, the generosity of its earliest donors continue to benefit us today.

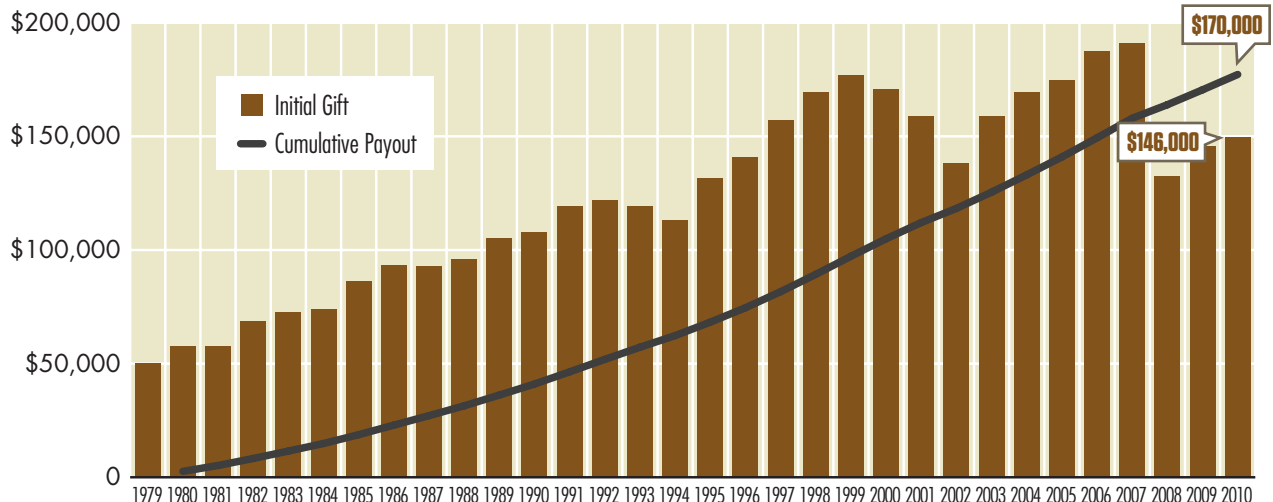
The Power of Philanthropy

The graph below shows the power of philanthropy at work. Take a look at what a gift of \$50,000 invested with the Foundation in 1980 has contributed to our community's vitality (investment returns shown are based on actual results of the Rochester Area Foundation, net of investment fees). As the chart indicates, the original gift of \$50,000 contributed a total of \$170,000 to community needs and has grown to a present value of \$146,000.

Investment Fueled Giving

Financial growth and strategic giving go hand-in-hand at the Rochester Area Foundation. As the Foundation's assets have grown, so have its contributions to the community. Over the course of a decade, from 2000 to 2010, the Foundation's financial growth enabled it to gift over \$36

Endowment Performance 1980 - 2010



million to the Rochester area community. Comparatively, the Foundation awarded a total of \$4.6 million during the prior 56 years.

Over 2,000 Grants to Nonprofit Organizations = \$16,500,000

Over 970 Homes for Working Families = \$17,000,000

Preparing Children for Success in Kindergarten = \$2,500,000

Total Community Investment = \$36,000,000

Transformational Philanthropy

Through its focus on local investment and community development, the Rochester Area Foundation is uniquely equipped to bring community members and leaders together to foster strategic growth, tackle tough challenges, and encourage success. The same passion for community philanthropy that inspired Harry Harwick to create the Foundation lives on in its current trustees and has resulted in informed charitable giving that has transformed our community.

The Rochester Area Foundation is committed to analyzing the community’s needs and developing both public and private relationships to meet them. As you’ll see in this report, the Foundation has long proven itself to be a catalyst for change through successful initiatives like First Homes, First Steps, the Community Ventures Fund, and targeted investments in area non-profits. But none of it would have been possible without you—our donors, supporters, and partners. It is your commitment, hard work, and passion that enables us, *together*, to create solutions, spur growth, and make Rochester a safe, healthy, vibrant place to live. ♦

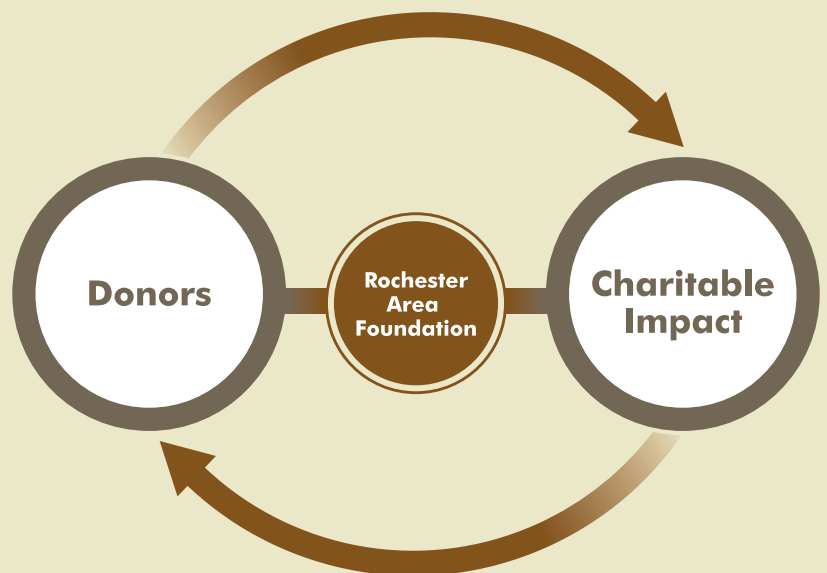
Thank you.

Rochester Area Foundation: MAKING THE CONNECTION

At its core, the Rochester Area Foundation is a collection of stories about people—people who care about our community and choose to make an impact. Since its creation in 1944, the Foundation has connected those of us with charitable intent to our community’s charitable needs.

The Foundation works to identify local needs and offers donors an opportunity to partner with local non-profits to meet those needs. By combining efforts through the Foundation, donors are able to achieve greater impact in meeting their philanthropic objectives.

The transformative impact of this work serves not only to address current needs, but also to develop and inspire new generations of people with deep connections to our community and its continuing growth.





Q&A WITH FOUNDATION TRUSTEES

JEAN LOCKE AND HUGH SMITH

In this enlightening interview, Rochester Area Foundation Trustees Jeane Locke and Hugh Smith discuss recent changes in the Foundation’s strategic planning and operations as well as their thoughts on how and why the organization continues to thrive and create meaningful change in the community after over a half century of investing.

Q. The Foundation has been an active force in the Rochester community since 1944. To what do you attribute its longevity?

JEAN: The Foundation’s great strength is that it’s able to meet community needs as well as donor needs.

HUGH: Organizations that last a half century do so because they are doing something right. Like Jean said, the Foundation succeeds because it meets its donors’ philanthropic needs, but at the same time positively impacts the community.

Q. In 2010, the Foundation created two primary committees to direct its activities—the Community Investment Committee and the Resource Development and Growth Committee. Please explain what these two committees do and how they interact.

JEAN: As community needs and issues became more complex, we needed a deeper understanding of them to make strategic decisions at our board meetings. These two working committees give us a better look at whether the Foundation’s goals are being met in terms of the grants that we make and the projects in which we are involved.

“Resilience, sense of community, and the realization that issues are bigger than any one individual make this community confident.”

Q. Jean, as a member of the Community Investment Committee, can you discuss the group’s current priorities?

JEAN: We identify and dig into some audacious problems. Insufficient housing, children who aren’t prepared for school, aging population demographics, gang activity—these are all part of the grant-making and strategic initiatives upon which we have embarked. We explore a wide range of issues and ideas and try to go beyond the obvious solutions. To do this effectively,

we must keep our finger on the pulse of the community. As a result, we’ve become good at bringing others together to work on solutions for the complex problems that we see now.

Q. Hugh, you’re a member of the Resource Development and Growth Committee. Can you tell us more about that committee’s goals?

HUGH: We try to be the early radar system and have forward vision. The Foundation doesn’t have the resources to take on all of the work itself, but we can catalyze change and partner with other organizations to make things happen.

Q. Jean, what community development efforts have made you the most proud?

JEAN: Grants to emerging organizations, where we’re working at the ground level with organizations that are so active in finding solutions to problems that they don’t have the time, or perhaps skills, to set up a formal structure that will ensure their work will continue even if the people in the organization change. I think it’s

CONTINUED ON NEXT PAGE

also wonderful that the Foundation is able to provide a positive level of accountability. We are using someone else's money, so we need to demonstrate stewardship in that activity and hold grantees accountable as well. I am proud that we have the capability to play different roles in different situations.

Q. Hugh, what work has the Resource Development and Growth Committee accomplished that stands out for you?

HUGH: I am proud to be part of an organization that has the audacity to claim it can build 875 affordable homes and then do it. The Community

Land Trust (CLT) innovation works beyond the traditional home ownership models. It is an innovative gift that keeps on giving to the community in perpetuity.

Q. In what ways do you see the two committees interacting on projects?

Imagine: Neighborhood-Scale, Long-Range Visioning

Back in 2004, committed members of the Kutzky Park Neighborhood Association joined forces with the Rochester Area Foundation's First Homes initiative to plant the seeds for what was to become the "Imagine Process"—a long-range neighborhood planning model that has since transformed and revitalized the neighborhood.

Inspired by the book *Planning to Stay*, First Homes and Kutzky Park leaders crafted the Imagine Process, which relies on community engagement to gather input and develop a specific neighborhood-scale plan aimed at positive change. This "vision plan" then guides neighborhood leaders in the creation of permanent solutions to recurring problems.

Over the past six years, energy and vibrancy have returned to the Kutzky Park neighborhood. Successful, single-lot infill development projects—such as Weigel Place and Kutzky Flats—have provided an excitement and enthusiasm in the neighborhood that has paved the way for other improvements outlined in the Imagine Kutzky Vision Plan. First Homes believes that to catalyze transformative change, a broad strategy incorporating everything from rehabs and small-scale infill projects to large-scale redevelopment, is necessary. These projects are a direct result of the Imagine Process, which has proven itself to be a successful model for comprehensive, community-derived revitalization.

In looking toward the future, First Homes, in concert with the Rochester Area Foundation, has begun additional Imagine processes in two more downtown neighborhoods. In this way, each neighborhood can achieve a unique, shared vision that is contextual and consensus-based. Just as a single project does not make for a revitalized neighborhood, a single neighborhood does not make for a revitalized core. The sum of all of these projects, however, if well-planned for maximum leverage, can create significant, permanent change.



HUGH: Any time you operate with philanthropic funds you must provide stewardship for those funds and prioritize how and where they are used—requests far exceed available dollars. If a grantee performs poorly in terms of expenditures or their impact, there is accountability.

The Foundation has to be accountable to both donors and grantees. It's

important to understand community needs and what the donors want us to do. Not just dollar stewardship, but issue stewardship as well. The three projects below illustrate how the committees work together.

Q. We're coming out of a long recession and many people are

still feeling its affects, but we hear that there are many reasons to feel confident in this community and the Foundation. Would you agree?

HUGH: I have great confidence in this community. I arrived the same year as

CONTINUED ON NEXT PAGE

Kutzky Flats: A Model for Targeted Infill Redevelopment



The residents of the Kutzky Park neighborhood took neighborhood revitalization to a higher level last December when they transformed a dilapidated and foreclosed three-unit rental into a beautiful, brand-new four-unit condominium. The building, which boasts two market-rate units and two affordable units, is drawing both rave reviews and hope for the future from neighbors.

“As a neighborhood, we were involved early on so that we got a chance to select the site, the

type of use, and ultimately the design,” said Andy Masterpole, neighborhood resident and landscape architect for the project. Although the condominium was built new from the ground up, it was designed to mimic the 100-year-old character of the area, “The new building is very urban and fits with the neighborhood.”

This transformative project, which utilized Neighborhood Stabilization Program grant funding as part of the City of Rochester allocation, is a result of collaborative work between the Imagine Kutzky Citizen’s Council, the Kutzky Park Neighborhood Association, CRW Architecture + Design Group, Yaggy Colby Associates, Weis Builders, and the Rochester Area Foundation’s First Homes initiative.

With the Kutzky Flats project, First Homes was able to build upon the success of Weigel Place—its previous infill condominium development—and go one step further. The Kutzky Flats condominium was built to meet Leadership in Energy and Environmental Design (LEED) standards, making it the first multi-family LEED for Homes certified project in Southeast Minnesota.

the big flood, not a good time to arrive. I watched the community respond to that disaster and in one year you couldn't see where damage was. The resources, good will, and coming together of the community was amazing. This community has resilience—an innate ability to get back on track.

The Foundation has a great ability to move issues forward, like when we discovered the need for downtown housing development based on Rochester's projected growth. The Foundation helped potential donors understand the issues by accurately describing the

challenge and developing potential resolutions. Through the Foundation's leadership, we were able to engage donors in this effort and assisted in opening up resources and generating ideas to solve a developing problem.

JEAN: Resilience, sense of community, and the realization that issues are bigger than any one individual make this community confident. Also, the business community is more forward-thinking than some others. For example, Work-Force 2020, early childhood education—these are key to ensuring quality

workers in the long term. They're not short-term solutions. These projects aren't just nice, philanthropic ideas—they make economic sense. It's the difference between charity and investment.

People take pride in the Foundation because it gives them a voice and helps them to make a difference in their own lives; it's something that they do to help themselves, not something that is done to them or for them. The Foundation has a great process and history of involvement in the community to ensure that those who are receiving assistance are also part of the solution. ♦

RAF Helps Bring JOY to At-Risk Youths

"We believe in you." That's the motto Karen Edmonds, founder of Justice and Opportunity for Youth, (JOY), adopted for the initiative that she started in 2008 to steer area youth away from gangs.

JOY reaches out to 75 youth through a variety of services and programs that range from tutoring, to Boy and Girl Scout troops, to swimming lessons—all of which require transportation, commitment, and dedication from the JOY volunteers.

In March 2010, JOY came to the Rochester Area Foundation seeking help in obtaining 501c3 non-profit status and creating a robust organization so that it would no longer be dependent on one person to succeed. The group chose the Foundation for assistance because JOY's focus and skills are centered around helping the area's most high-risk youths, not on setting up a non-profit business.

"It has been great working with the Foundation," said Edmonds. "They are passionate about having a sustainable organization here to help the youth who are at highest risk. They have been able to give us the focus we need to create the business plan, the organization, and the necessary documentation to apply for 501c3 status."

Both JOY volunteers and the Foundation believe that the Rochester community will experience valuable long-term benefits from JOY's successful intervention and outreach efforts.

JOY's vision is for young people to leave the streets and gangs, take responsibility for their actions, and engage in jobs or other meaningful, constructive activities. "Success," Edmonds says, "is measured one relationship at a time."



The faces of JOY.

COMMUNITY VENTURES FUND

We have all heard the phrase, “many hands make light work,” which also applies to philanthropy and well describes the driving principle behind the Rochester Area Foundation’s Community Ventures Fund.

Much as venture capital drives innovation in the business world, the Community Ventures Fund provides “venture philanthropy” for the Rochester community. Created in 2005, the Community Ventures Fund gives donors the opportunity to pool their charitable resources to create a greater impact on the community. Donors to the perpetual fund become “shareholders” and collectively decide how to use the fund to maximize their community investment.

Shareholders in the Community Ventures Fund meet three times per year to discuss issues, establish investment priorities, and award grants. They also look at innovative responses to community needs as opportunities for investment, which has led them to support several key local initiatives including the Rochester Area Chamber of Commerce’s Workforce 2020 initiative; the Rochester Public Schools’ five-year plan to close the opportunity gap; and the Downtown Master Plan, which helped to establish a framework for growth and development for the core downtown area.

Through collaborative giving, Community Ventures Fund shareholders are not only shaping philanthropy in the Rochester area, but also influencing the way we meet our community’s future economic development needs. ♦



Current Community Ventures Fund Shareholders:

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- RSM McGladrey
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- Joyce Wenz
- Charles & Barbara Withers

What they’ve invested in:

- **2007** Rochester Area Chamber of Commerce’s **Workforce 2020** initiative, **\$20,000**
- **2008** Rochester Public Schools’ **five-year plan** to close the opportunity gap, **\$25,000**
- **2009 Downtown Master Plan** to create a downtown core that is vital and thriving, **\$30,000**
- **2010 Rochester Community Finance** to plan and design, leverage resources, and target investment to revitalize Rochester, **\$25,000**



**Q&A WITH COMMUNITY
VENTURES FUND MEMBER
JOE POWERS**

Local businessman Joe Powers explains why he recently decided to become a member of the Community Ventures Fund and why he sees it as a great investment for himself, his business, and the community at large.

Q. What made you want to join the Community Ventures Fund?

First and foremost, I care about the Rochester community and I want to do something worthwhile that helps the community grow and develop. The Community Ventures Fund enables us to tackle important issues, such as the Rochester Public School's five-year plan, the downtown master plan work, and a ton of local neighborhood work, that might otherwise have been avoided entirely because of their complexity. Each of these efforts required a coming together of private, public, and government sectors to be successful. The Rochester Area Foundation acts as a great advocate for getting people on the same page to resolve issues.

Q. Joe, you donate to a variety of worthy causes. What made you pick Community Ventures over any other?

I see this as a great advocacy group; the starting point for getting things moving. It's sort of like a logjam breaking free. At first, all you see is the jam and it seems impossible to get the

“If we can solve some of the problems we see in this community with dialog, it will benefit my business, my community, and the whole of Rochester.”

tangles straightened out so that the logs can get moving again. Community Ventures can come along, move one or two logs that didn't want to move and, all of a sudden, the flow starts, others start joining in, and the logs begin to flow in the same direction.

The First Homes initiative is a great example of this. For a number of years, people had been discussing the need for affordable housing,

but nothing was getting done. The Rochester Area Foundation convened a group, made a grant, and then started on a project to create 875 affordable homes. Year by year, First Homes delivered on that expectation and now the Rochester area has over 1000 homes for working families. Community Ventures Fund is a great way to start the community talking and acting on ways to solve critical issues.

Q. What are some complex issues you think the Community Ventures group should tackle?

Downtown development has to be a big priority. Without a good development plan and the funding to maintain it, we won't have a location that attracts people. The neighborhoods surrounding downtown need to be involved in the planning and engaged in the development to build a great downtown that will make us all proud.

I also think that the racial disparity in Rochester is a big issue that others aren't really tackling at this point. We see a large difference in graduation rates between ethnic groups—there

should be no reason for that today.

And lastly, I think there is a role for Community Ventures to work with the city and county to develop increasingly positive working relationships. As Rochester grows and develops into a destination location, it will require not just good, but rather great working relationships at city and county levels to enhance our ability to act on opportunities.

Q. Becoming a Community Ventures Fund member requires a \$25,000 investment, which might seem like a lot to some people. Why do you see this as an investment opportunity?

As I've said before, the Community Ventures Fund is a great tool for enabling community work with the public, private, and government sectors. It is another arm of the Foundation that can act with groups other than non-profits. If we can solve some of the problems we see in this community with dialog, it will benefit my business, my community, and the whole of Rochester.

It also helped that I was able to take advantage of the "payment plan" option. Rather than having to fund the entire \$25,000 in one year, I was able to put \$5,000 into the fund each year for five years. This made it affordable for me and my business and allowed me to become a member of the Community Ventures Fund where I hope I can contribute to Rochester's development and long-term success. ♦



The Community Ventures Fund support of the Rochester Downtown Master Planning process was instrumental in incorporating the public during open working sessions. Along with the other funding partners (Mayo Clinic, University of Minnesota Rochester, City of Rochester, and Rochester Downtown Alliance), the Rochester Area Foundation was committed to establishing a transparent process for gathering input.

Three planning and design firms collaborated on the plan which established a vision for growth and development for the next 20-30 years. The implementation of the plan is ongoing and will require more community resources to achieve its far reaching goals. The Rochester Area Foundation will remain a vested partner in this process and will continue a strong collaboration with the entire stewardship team.



ALL IMAGES TAKEN FROM THE MASTER PLAN REPORT

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Mrs. Margaret Herrell
Mark Hindermann
Dr. & Mrs. Stephen
Hodgson
Alan & Judy Hoffman
Mr. & Mrs. Harry
N. Hoffman III
George & Sandra
Hohberger
Ginger & David Holmes
Home Federal
Dianna & Lester
Hornrtvedt
Amy Hosier
Tom & Jan Hosier
Wayne & Elizabeth Houser
Larry & Marti Howe
Isabel Huizenga
Rita & John Hunt
John & Mary Lou Hunziker
Eric & Lois Hyde
Luanne & Dan Jacobs
Phyllis Jacobs
Erin Jagodzinski
Lorraine Jallen
Mr. & Mrs. David
W. Jenkins
Charles & Doris Johnson
Don & Betty Johnson
Larry & Janet Johnson
Leigh J. & Judy Johnson
Mrs. Nell G. Johnson
Mary & John Kahler

Carol & Rueben Kamper	Cheri Nelson	Rochester Public School Foundation	Brad Thornton
David I. Kane	Elaine Nelson	Michon Rogers	Steve & Nancy Thornton
Bill & Jeanine Karnes	Sandra Nelson	Steve & Linda Rolsch	Del & Edie Thurber
Philip R. & Catherine M. Karsell	Stella I. Nelson	Jeff & Sharon Rome	Paul & Barb Tieskoetter
Daniel & Mary Jo Kelly	Terry & Carla Nelson	Craig & Jessica Ruhland	Jodi Tomlonovic
Steve & Judy Kereakos	Wayne & Jo Ann Nicholson	Mr. & Mrs. Richard Ryno	Kathleen Tomlonovic
Cheryl Key	Bernard & Julie Nigon	Jay H Ryu & Patricia Pellikka	Pat Tomlonovic
Earl & Diane Kinneberg	David & Gwen Oeth	Betty & Bob Sande	United Way of Olmsted County
Jackie Klimple	Darwin Olson	Paula Santrach	US Bancorp Foundation
Deborah & David Knopman	Mike & Margot Osborn	Paul & Maggie Scanlon	Mark & Julia Utz
Mr. Steve J. Knutson	Dr. & Mrs. P.J. Osmundson	Al & Julie Schafer	Rich & Marian Van Dellen
Anne & Allen Koenig	Jon & Berit Oviatt	Jerry & Barbara Schliep	Van De North – Knight Family
Raymond J. Kostner	Edna Owen	Dr. & Mrs. D.A. Scholz	Jack & Mary Vickers
Terry & Shirley Lee	Eric & Kim Padgett	Mr. & Mrs. Milton Schumann	Guy & Kara Vig
Andrew J. LeRoy & Margaret M. Kehl	William & Sharon Padgett	Ronald & Theresa Seeger	John & Peggy Wade
Tina Liebling & Mark Liebow	E. Dudley & Margaret Parsons	Seneca Foods Corporation	Wal-Mart Foundation
Linden Foundation	Barbara Porter	Larry & Dr. Wendy Shannon	Mary Warren
Betsy Lingren	Post Bulletin	Dr. Patrick & Karen Sheedy	Mr. Frank T. Webb
Jean & Richard Locke	Premier Bank Rochester	Dina Simon	John Wees
Jon & Sue Losness	Betty Qualey	Jim & Judy Sloan	Karel M. Weigel
Helen Lovgren	Adelaide P Reese	Hugh & Aynsley Smith	Craig & Judy Wendland
Mary S. Luhman-Johnson	REMAX of Rochester	Mr. & Mrs. L.D. Solem	Tom & Ellen Wente
Vivian Malcomson	Mrs. Helen J. Restovich	Richard Sommers	Joyce Wenz
Ed & Marge Manahan	Janet Rich	David & Sara Stenhaug	Nedra & John Wicks
John & Jeanette Martin	Mr. & Mrs. Tom M. Richards	Judith Stities	Jim & Joanne Wignes
Lillian M. Masson	Tom Richards	Stoller Family Foundation	Jodi L. Williamson
Mayo Medical Center - Mayo Foundation	Dale & Barb Richter	Don & Stephanie Supalla	Charles & Barbara Withers
Donald & Alice McIlrath	Merlin & Karen Ricklefs	April Sutor	Leola Wolfgram
James & Esther McNeil	Dr. Stephen J. Riederer & Dr. Marilyn Riederer	Dr. Harry & Delores Swedlund	Howard Wood
Mr. Michael McNeil	R.M. Petitt	Wendy Symer-Linder	Doug & Lori Wright
McNeilus Companies	RSM McGladrey	Mark & Sheryl Tasler	Ron & Judy Yaggy
Dr. & Mrs. Fletcher Miller Jr.	Rochester Area Family Y	Bill & Judith Taylor	Ron & Dianne Yanish
Joan & Ron Miller	Rochester Area Retired Educators Association	Think Mutual Bank	Karen & Steven Ytterberg
Kathryn Moe	Rochester Family Eye Clinic	The Reading Center	Gordon Ziebart & Susanne Griffin-Ziebart
Audrey Nelson	Rochester Music Guild	Mrs. Mary L. Thompson	Warren & Helen Zimmerman

HONOR AND MEMORY GIFTS 2010

HONOR

Jane Campion
Coralee Grebe
Ryan Hanson
Perry Hewitt
Phyllis Jacobs
Joe & Sylvia Kubicek
Robert & Julia Phyliky
David Stenhaus
Al Tuntland
Dr. Robert & Merideth
Waterman
Craig Wendland
Gina Westra

MEMORY

Deana Anderson
Duane Arnold
Dr. Philip Bernatz
Susie Boyum
Paul Brinson
Elizabeth Cole
Jack Cronin
John Cronin
Sallie Czapewski's mother
Jean Danielson
Roger M Klimpel
Mike Ladin
Joel Luhman
David Malcomson, Sr.
Anne Manahan
Chris Manahan
Peg Osmundson
George Restovich
Rochelle Stensby
Rita Salmon
Steve Schultz
Wallace H Spence
William Taylor
Natalie Thornton Webb
Reuben C Wolfgram

NEW FUNDS 2010

AGENCY ENDOWMENT

United Way / April 2010
PossAbilities / December 2010
Paula Rome Endowment – The Reading Center / December 2010

DONOR ADVISED

Arne & Kay Fockler Donor Advised Fund / February 2010
Richard & Ingeborg Emslander Donor Advised Fund / August 2010
Audrey Nelson Donor Advised Fund / August 2010
Don & Betty Nietz Donor Advised Fund / August 2010
Joe & Amy Cass Donor Advised Fund / September 2010
Mark & Julia Utz Donor Advised Fund / September 2010
Ed & Mary Clark Donor Advised Fund / December 2010
Davidson Family Donor Advised Fund / December 2010
Daphna Davidson Donor Advised Fund / December 2010
Dan Davidson Donor Advised Fund / December 2010
Tal Davidson Donor Advised Fund / December 2010
Ron & Linda Fess Donor Advised Fund / December 2010
Hugh & Aynsley Smith Donor Advised Fund / December 2010

DONOR DESIGNATED

Mark & Sherry Tasler Excellence Fund / February 2010

FIELD OF INTEREST

George & Lois Annis Field of Interest Fund / September 2010

LIFETIME GIVING DONORS

COMMUNITY LEGEND \$1,000,000+

Bush Foundation
Emil & Dorothy Gauthier
Virginia B Hartridge

KM Telecom
Mayo Clinic

Minnesota Housing
Finance Agency
Victor & Phyllis Scott

Al & Sharon Tuntland
Wayne & Pam Wesala
Ronald & Diane Yanish

COMMUNITY LEGACY \$500,000 - \$1,000,000

Art & Maryann Birdseye

Gus Chafoulais

Carl & Eloise Pohlrad Family Foundation

COMMUNITY LEADER \$250,000 - \$500,000

Affiliated Credit Services
City of Rochester
Community Housing Partnership
Benedict & Eloise Dresbach

Home Federal Savings Bank
Dr Einer & Nell George Johnson
Priscilla Keely
Knights of Columbus Council 1013

Bernice Krug Trust
Daisy Plummer Trust
Judy & Jim Sloan
Think Mutual Bank

Wells Fargo Bank
Mary & Ken Zubay
Anonymous (4)

COMMUNITY PARTNER \$100,000 - \$250,000

Laura Anderson
George & Lois Annis
James Bier & Rita Till
Richard & Nancy Brubaker
Marc & Helen Carpenter
Walter & Pauline Castner
Al & Ann DeBoer
Bob & Barb Domaille
Mike & Nancy Domaille

Eastwood Bank
Alice Groen
Marilyn Postier Haglund
Donald R Hardy Estate
Harry H Harwick
Gary & Nancy Hayden
Char & Norm Hepper
Alan Hiley Family

IBM Corporation
Neal & Cindy Karels
Al & Anne Koenig
Lyle & Nancy Kuhlman
Violet Lucius
William & Hattie D Mayo
John & Judy McGuire
Mary E Mussey Estate

Shirley Nelson
Don & Betty Nietz
Olmsted County
Olmsted Medical Center
Root River Recreation
Sunstone Hotels – John
Belz, Bruce Fairchild
Mark & Sheryl Tasler

Crystal Thornton
US Bank
Rich & Marian VanDellen
Janet Nothies Volkmar
Waltman & Phoebe
Mayo Walters
Charles & Barbara Withers
Ronald & Judith Yaggy
Anonymous (9)

COMMUNITY SUSTAINER \$25,000 - \$100,000

Adamson Motors
Craig & Linda Allen
Andy's Liquors
Mr & Mrs Robert L Barnhart
Benchmark Electronics, Inc
John & Cindy Benike
Braasch Commercial
Investments - Ron & Bonnie
Braasch
Barbara L Brown
Jane K Campion
Canadian Honker Restau-
rant & Catering
Joe & Amy Cass

Jim & Sue Clausen
Sidney & Iris Davidson
Mark Dayton
Janet Denny
Isabell Dyck & Peter J Dyck
Paul E Engel
Family Action
Collaborative (FACES)
Christine Fischer
Herbert Freitag
Gillette Family Foundation
Norman Gillette
Donald & Florence Grue
Mrs Oscar (Ella) Hanson

Linda Harwick Estate
Mary Kahler Hench
Nettie L Henke
Roland Hirman & Marjorie
Henderson
John & Rita Hunt
Leigh J & Judy Johnson
Robert & Lois Jorstad
Dan & Mary Jo Kelly
Gilbert McCarthy
Kenneth & Louella McGhie
McGladrey & Pullen LLP
Harold & Shirley Miller

Jennie E Mo
Harold & Margaret Neece
Audrey M Nelson
Nuss Truck Group/ Nuss
Family
Gwen & David Oeth
Paul & Beverly Olander
PORT of Olmsted County
Post Bulletin Co
RE/MAX of Rochester
G S Schuster
Ron & Terri Seeger
Patrick F & Karen N
Sheedy

Hugh & Aynsley Smith
Southern Minnesota
Initiative Foundation
David & Sara Stenhaug
Luella Stensrud
Strongwell – Chatfield
Division
Sharon Van De North
& Lee Knight
Steve & Nancy Thornton
Robert R Waller
Wells Fargo Home
Mortgage
Anonymous (13)

COMMUNITY SPONSOR \$10,000 - \$25,000

William & Caroline
Adamson
Neil P Anderson
B&F Distributing
Alvin E Benike, Inc
Bernelda Busian Estate
Helen M Campbell
Mary E Campion
Ed & Mary Clark
Celestica Corporation
CRW Architecture+
Design Group
Custom Alarm CCI
Dorsey & Whitney
Law Firm
Dunlap & Seeger PA

Elcor Construction
Margaret Engel
Enron Foundation of
Omaha
William A & Patricia
Fitzgerald
Robert W & Cynthia L
Fleming
Arnold & Kay Fockler
Ford Metro Glass
Eugene "Bud" &
Jean H Freeman
Hammel Green &
Abrahamson, Inc
Phillip & Barbara Henoch
Margaret H Herrell

Hinderman Family
David & Ginger Holmes
Dr A B Hunt
Virginia J Judd
Emily Kennedy
Katherine Kilbourne
Lynne Eaton Kirklín
John & Dottie Klopp,
Fox Hill
KTTC TV
Maxine Langdon
James & Jean
Newcomer
Rick Orvold &
Marita Heller
Park Place Motor Cars

Irvin & Maureen Plitzuweit
Premier Bank Rochester
Anne & Brian Purrington
Bruce & Sara Qualey
Rochester Cheese
Rochester Meat Company
Esther Rodda
Bruce & Katie Ryan
Al & Julie Schafer
Fred Schuster
Smith Schafer &
Associates Ltd
Henry Somsen
Think Community
Foundation

Title Services, Inc
Valley Design
Wal-Mart
Amy L Waugh
Wells Fargo Foundation
Thomas & Ellen Wente
Howard E West
Western Digital
Corporation
Nedra & John Wicks
Stanley E Whiting
Leola Wolfgram-in memory
of Reuben C Wolfgram
John & Janet Woods
Yaggy Colby Associates
Anonymous (24)

GUIDE FOR GIVING

	DESCRIPTION	ADVANTAGES
DIRECT DONATION	Cash or property donated to a public charity or community foundation	<ul style="list-style-type: none"> • Immediate benefit to charity • No associated costs • Current income tax deduction normally allowed
CHARITABLE BEQUEST	As a part of a will, a charitable bequest specifies a particular asset, or fixed dollar amount, or percentage of estate, be given to a charitable organization upon donor's death	<ul style="list-style-type: none"> • Revocable at any time • Gives donors access to assets until death • Unlimited tax deduction for the estate
DONOR ADVISED FUND	Public charity that pools donations with other donors' gifts and invests them; fund makes grants to charitable recipients upon recommendation of donor	<ul style="list-style-type: none"> • Contribution usually fully deductible each year • Account can be named • Flexible giving in future years • Can give anonymously • Fees and expenses are low • Consolidated charitable giving • Can establish legacy with successors to account
CHARITABLE GIFT ANNUITY	In exchange for assets, a charity guarantees to pay a specified life income payment to beneficiaries. The charity receives the remainder at death of the beneficiaries. No additional gifts are allowed	<ul style="list-style-type: none"> • Fixed amount of income provided each year for life • Part of income is a tax-free return of principal • The charity receives the remaining assets at income beneficiary's death • A portion of contribution deductible in current year
CHARITABLE REMAINDER ANNUITY TRUST	Donor and/or other beneficiaries receive payments of a fixed amount determined when the trust is established. No additional gifts to the Trust are allowed	<ul style="list-style-type: none"> • Portion of contribution deductible in current year • Annual income for donor or other non-charitable beneficiary • The charity receives remaining assets at income beneficiary death or trust termination • Fixed income each year • Can be for lifetime or for term of years not to exceed 20 years • Trust is normally tax-exempt
CHARITABLE REMAINDER UNITRUST	Donor and/or other beneficiaries receive a fixed percentage of the value of the trust's assets valued annually. The charity receives remainder of trust at income beneficiary's death or trust termination	<ul style="list-style-type: none"> • A portion of contribution deductible in current year • Income for the donor or other non-charitable beneficiary • Charity receives remaining assets at income beneficiary's death or trust termination • Trust is normally tax-exempt • Can be for lifetime or term of years, not to exceed 20 years
CHARITABLE LEAD TRUST	Assets are placed in trust, charity receives payment, property is eventually returned to the donor, donor's descendants or other non-charitable beneficiary	<ul style="list-style-type: none"> • Assets may be passed on to heirs • Generates income for charity during donor's lifetime or over a specified number of years • Can provide gift, estate and generation-skipping tax advantages

DISADVANTAGES	GENERAL TAX RULES	DONOR INCOME
<ul style="list-style-type: none"> • Donor needs to research and choose specific charities before year-end • Deduction is subject to AGI restrictions • Some charities are not equipped to accept securities • Donor receives no income from assets 	<ul style="list-style-type: none"> • Income tax deduction for amount of cash donation up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, up to 30% of AGI Estate tax liability reduced 	No
<ul style="list-style-type: none"> • No immediate tax benefit • Bequest must be paid from estate • Probate adds costs, delays, and complexity 	<ul style="list-style-type: none"> • Estate tax deduction for value of donation 	Yes, until death when assets are given to charity
<ul style="list-style-type: none"> • Deduction is subject to AGI restrictions • Charity's trustees have final authority over grants • Slightly less flexible than a trust or private foundation • Donor receives no income from assets 	<ul style="list-style-type: none"> • Income tax deduction for amount of cash donation up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, up to 30% of AGI • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated assets 	No
<ul style="list-style-type: none"> • Charity liability for annuity: if the charity has financial difficulties, the income beneficiary may not receive income • Deduction is subject to AGI restrictions • Transfer of long-term appreciated assets gives rise to tax liability to donor 	<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing to charity • Estate tax liability reduced • Reduce capital gains tax liability for gifts of long-term appreciated assets • Annuity principal is returned to donor tax-free as portion of each annuity payment over term of the annuity 	Yes, Fixed
<ul style="list-style-type: none"> • Deduction is subject to AGI* restrictions • Income to income beneficiary is generally taxable • Must have individual or institutional trustees • Cannot accept additional donations • More complex to establish and fees are generally higher than some alternatives 	<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets 	Yes, Fixed
<ul style="list-style-type: none"> • Deduction is subject to AGI restrictions • Income to income beneficiary is generally taxable • More complex to establish and fees are generally higher than some alternatives • Must have individual or institutional trustees • Some CRT's cannot accept future donations 	<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets 	Yes, Variable
<ul style="list-style-type: none"> • Tax treatment is complex • More complex to establish and fees are generally higher than some alternatives 	<ul style="list-style-type: none"> • Income tax benefits vary depending on type of trust • Estate or gift tax liability may be reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets 	No, original asset reverts back to remainder beneficiary, can be donor

*AGI = Adjusted Gross Income



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ROCHESTER AREA FOUNDATION & AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	2010	2009
Cash and cash equivalents	2,589,533	1,351,371
Interest and dividends receivable	11,758	165,476
Pledges receivable	164,325	233,875
Notes receivable	6,879	5,422
Investments in marketable securities	23,688,896	21,932,269
Beneficial interest in trusts held by others	601,147	–
Loans receivable	2,176,342	2,048,307
Land and development costs	2,007,026	4,199,806
Equipment, net	43,123	51,505
Other assets	70,010	71,318
Community land trust	7,860,218	7,457,718
Total Assets	39,219,277	37,517,067

LIABILITIES AND NET ASSETS

LIABILITIES	2010	2009
Accounts payable and accrued expenses	47,523	42,476
Grants payable	69,320	133,165
Program assets held for others	926,144	791,127
Annuities payable	130,599	156,828
Deferred revenue	301,323	451,874
Unitrust obligations	678,000	696,000
Refundable advances	475,805	509,090
Notes payable	3,091,501	3,385,909
Total Liabilities	5,720,215	5,218,514

NET ASSETS

Unrestricted	20,155,255	19,526,304
Temporarily restricted	11,422,163	10,850,605
Permanently restricted	1,921,644	1,921,644
Total Net Assets	33,499,062	32,298,553
Total Liabilities and Net Assets	39,219,277	37,517,067

AUDIT STATUS

These are the audited financial results for the year ended December 31, 2010. Audited financial statements and the IRS Form 990 are available for review at the Rochester Area Foundation office and on the website at www.rochesterarea.org.

Dedicated to community vitality since 1944



Rochester
Area Foundation

400 South Broadway, Suite 300, Rochester, MN 55904

P (507) 282-0203 **F** (507) 282-4938 **E** raf-info@RochesterArea.org

www.RochesterArea.org

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