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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

August 26, 2014

Board of Directors
Dearborn Community Foundation, Inc.
322 Walnut Street
Lawrenceburg, IN 47025

We have reviewed the audit report prepared by Blue & Co., LLC, for the period January 1, 2013 to December 31, 2013. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Dearborn Community Foundation, Inc., as of December 31, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

DEARBORN COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

CPAs / ADVISORS

blue

DEARBORN COMMUNITY FOUNDATION, INC.

TABLE OF CONTENTS
DECEMBER 31, 2013 AND 2012

CPAs / ADVISORS

blue

Blue & Co., LLC / 106 Community Drive / Seymour, IN 47274
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Dearborn Community Foundation, Inc.
Lawrenceburg, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Dearborn Community Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

Seymour, Indiana

May 15, 2014

DEARBORN COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
Cash and cash equivalents	$ 1,307,179	$ 1,738,782
Certificates of deposit	1,104,925	1,099,124
Investments	14,164,406	11,719,713
Property and equipment, net	52,250	66,013
	$ 16,628,760	$ 14,623,632

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities		
Accounts payable and accrued expenses	$ 10,800	$ 9,713
Grants payable	-0-	25,650
Deferred revenue	9,992	11,063
Charitable gift annuities payable	9,752	10,046
Liability for funds held as agency endowments	6,389,589	5,344,026
Custodial funds	1,407,405	1,755,467
Total liabilities	7,827,538	7,155,965
Net assets		
Unrestricted net assets	915,780	993,764
Temporarily restricted net assets	7,885,442	6,473,903
Total net assets	8,801,222	7,467,667
	$ 16,628,760	$ 14,623,632

See accompanying notes to financial statements.

DEARBORN COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDING DECEMBER 31, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenues				
Contributions	$ 17,921	$ 679,103	$ 697,024	$ 858,086
Grant revenue	1,071	-0-	1,071	23,437
Investment return, net	-0-	842,748	842,748	530,762
Other investment income	14,428	-0-	14,428	31,785
Administrative fees	220,945	-0-	220,945	205,444
Other revenue	15,315	5,313	20,628	19,000
Net assets released from restrictions	115,625	(115,625)	-0-	-0-
Total support and revenues	385,305	1,411,539	1,796,844	1,668,514
Expenses				
Grants	74,119	-0-	74,119	75,223
EcO_{15} grant expenses	1,071	-0-	1,071	23,437
Salaries and wages	200,273	-0-	200,273	198,948
Payroll taxes and employee benefits	15,779	-0-	15,779	15,715
Administrative fees	68,071	-0-	68,071	56,277
Advertising	7,621	-0-	7,621	8,890
Education	2,107	-0-	2,107	2,725
Supplies	2,540	-0-	2,540	3,863
Postage and printing	14,944	-0-	14,944	14,434
Telephone	2,720	-0-	2,720	2,572
Utilities	3,870	-0-	3,870	4,084
Rent	10,152	-0-	10,152	10,152
Depreciation	13,763	-0-	13,763	14,666
Professional fees	26,328	-0-	26,328	23,942
Dues and subscriptions	1,355	-0-	1,355	1,545
Donor development marketing	8,299	-0-	8,299	7,342
Special events	2,010	-0-	2,010	4,220
Insurance	3,299	-0-	3,299	3,321
Actuarial loss on annuity obligations	1,406	-0-	1,406	1,296
Miscellaneous	3,562	-0-	3,562	2,451
Total expenses	463,289	-0-	463,289	475,103
Change in net assets	(77,984)	1,411,539	1,333,555	1,193,411
Net assets, beginning of year	993,764	6,473,903	7,467,667	6,274,256
Net assets, end of year	$ 915,780	$ 7,885,442	$ 8,801,222	$ 7,467,667

See accompanying notes to financial statements.

DEARBORN COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Contributions	$ 17,384	$ 840,702	$ 858,086
Grant revenue	23,437	-0-	23,437
Investment return, net	-0-	530,762	530,762
Other investment income	31,785	-0-	31,785
Administrative fees	205,444	-0-	205,444
Other revenue	14,025	4,975	19,000
Net assets released from restrictions	135,852	(135,852)	-0-
Total support and revenues	427,927	1,240,587	1,668,514
Expenses			
Grants	75,223	-0-	75,223
EcO_{15} grant expenses	23,437	-0-	23,437
Salaries and wages	198,948	-0-	198,948
Payroll taxes and employee benefits	15,715	-0-	15,715
Administrative fees	56,277	-0-	56,277
Advertising	8,890	-0-	8,890
Education	2,725	-0-	2,725
Supplies	3,863	-0-	3,863
Postage and printing	14,434	-0-	14,434
Telephone	2,572	-0-	2,572
Utilities	4,084	-0-	4,084
Rent	10,152	-0-	10,152
Depreciation	14,666	-0-	14,666
Professional fees	23,942	-0-	23,942
Dues and subscriptions	1,545	-0-	1,545
Donor development marketing	7,342	-0-	7,342
Special events	4,220	-0-	4,220
Insurance	3,321	-0-	3,321
Actuarial loss on annuity obligations	1,296	-0-	1,296
Miscellaneous	2,451	-0-	2,451
Total expenses	475,103	-0-	475,103
Change in net assets	(47,176)	1,240,587	1,193,411
Net assets, beginning of year	1,040,940	5,233,316	6,274,256
Net assets, end of year	$ 993,764	$ 6,473,903	$ 7,467,667

See accompanying notes to financial statements.

DEARBORN COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Operating activities		
Change in net assets	$ 1,333,555	$ 1,193,411
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	13,763	14,666
Reinvested interest on certificates of deposit	(5,801)	(12,093)
Realized and unrealized gains on investments	(674,631)	(387,244)
Realized and unrealized gains on agency endowments	(558,850)	(385,297)
Actuarial loss on annuity obligations	1,406	1,296
Changes in assets and liabilities:		
Accounts payable and accrued expenses	1,087	4,718
Grants payable	(25,650)	25,650
Deferred revenue	(1,071)	(18,937)
Liability for funds held as agency endowments	1,045,563	385,939
Custodial funds	(348,062)	(177,732)
Net cash flows from operating activities	781,309	644,377
Investing activities		
Purchases of certificates of deposit	1,651,801	1,089,223
Maturities of certificates of deposit	(1,651,801)	(1,089,223)
Purchases of investments	(8,655,562)	(9,003,938)
Proceeds from sales of investments	7,444,350	7,841,854
Net cash flows from investing activities	(1,211,212)	(1,162,084)
Financing activities		
Charitable gift annuity payments	(1,700)	(1,700)
Net change in cash and cash equivalents	(431,603)	(519,407)
Cash and cash equivalents, beginning of year	1,738,782	2,258,189
Cash and cash equivalents, end of year	$ 1,307,179	$ 1,738,782

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Dearborn Community Foundation, Inc. (the "Organization") is a not-for-profit entity. The Organization is located in Lawrenceburg, Indiana, and was organized to be a dynamic, creative force, advancing social, educational and cultural opportunities, while preserving the community's heritage, by helping donors to create a permanent legacy in Dearborn County.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

Net assets, support, investment return, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give the Organization's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions and primarily made up of the Organization's operating fund to fund current operations of the Organization.

Temporarily restricted net assets – Net assets not yet appropriated for expenditure by the Organization's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in checking and exclude amounts held by the Organization's fund managers and included in investments.

Investments and Investment Return

The Organization carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the period in which such changes occur.

Interest and dividend income, net unrealized and realized gains and losses on investments and investment expenses are recognized as unrestricted or temporarily restricted based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with the Organization’s spending policy. Investment return related to agency endowments is not included on the Statements of Activities because it is included in the change in liability for funds held as agency endowments.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, is recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Property and equipment is being depreciated over its estimated useful life ranging from three to ten years using the straight-line method.

Deferred Revenue

Deferred revenue represents grant funds received in advance of the period in which the related services will be provided.

Support and Revenue Recognition

Contributions are recognized as revenues in the period the promise is made.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in either unrestricted or temporarily restricted net assets in accordance with the classification of the fund as it relates to Organization’s spending policy.

The Organization recognizes grant revenue in the period the related expenses are incurred.

All other support and revenue is recorded when earned.

Administrative Fees

Administrative fees are expensed from the funds to support the operations of the Organization. Administrative fees from all funds are reflected as revenue on the Statements of Activities. The administrative fees from custodial funds (agency endowments and non-permanent funds) are not included as expenses on the Statements of Activities because they are included in the change in liability for funds held as agency endowments and custodial funds.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is May 15, 2014.

2. CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following at December 31, 2013 and 2012:

2013			2012		
Amount	Maturity	Interest Rate	Amount	Maturity	Interest Rate
$ 553,320	1/23/2014	0.60%	$ 549,584	1/21/2013	1.50%
551,605	12/11/2014	0.50%	549,540	2/11/2013	0.60%
$ 1,104,925			$ 1,099,124		

3. INVESTMENTS

Investments consist of the following at December 31, 2013 and 2012:

	2013	2012
Cash and money market funds	$ 324,893	$ 447,387
Common stocks		
Basic materials	393,930	187,874
Consumer / industrial goods	589,656	319,480
Financial	418,690	174,674
Healthcare/nutrition	322,245	266,665
Services	324,971	261,778
Technology	484,117	431,099
Utilities	346,304	274,048
Other	197,184	117,325
Fixed income mutual funds		
Short-term bond	908,577	1,141,984
Intermediate-term bond	1,829,814	2,236,964
Long-term bond	2,125	27,841
Equity mutual funds		
Large cap	2,826,603	2,610,472
Mid/small cap	2,638,161	1,791,092
Fixed income exchange traded funds		
Short-term bond	-0-	257,467
Intermediate-term bond	-0-	29,965
Long-term bond	48,576	109,390
Equity exchange traded funds		
Large cap	1,506,882	606,345
Mid cap	1,001,678	427,863
	$ 14,164,406	$ 11,719,713

The Organization invests cash in excess of daily requirements in short-term investments and also earns interest on its deposits held in checking. Earnings on these accounts for the years ended December 31, 2013 and 2012 were $14,428 and $31,785, respectively.

The following schedule summarizes the investment return, excluding the investment return related to the change in custodial funds, and its classification in the Statements of Activities for the years ended December 31, 2013 and 2012:

	2013	2012
Interest and dividend income	$ 222,592	$ 189,192
Realized and unrealized gains on investments	674,631	387,244
Investment fees	(54,475)	(45,674)
	$ 842,748	$ 530,762

4. RISKS AND UNCERTAINTIES

The Organization holds a variety of investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The Organization’s policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

- *Mutual funds and exchange traded funds*: Valued at the daily closing price as reported by the fund. Securities held by the Organization are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded.

- *Charitable gift annuities payable*: Fair value is determined by calculating the present value of the annuities using published life expectancy tables with a discount rate ranging from 4.0 percent to 5.6 percent.

The following table sets forth by level, within the hierarchy, the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012:

	2013		
	Fair Value	Level 1	Level 2
Assets:			
Common stocks	$ 3,077,097	$ 3,077,097	$ -0-
Mutual funds	8,205,280	8,205,280	-0-
Exchange traded funds	2,557,136	2,557,136	-0-
Liabilities:			
Charitable gift annuities payable	9,752	-0-	9,752

	2012		
	Fair Value	Level 1	Level 2
Assets:			
Common stocks	$ 2,032,943	$ 2,032,943	$ -0-
Mutual funds	7,808,353	7,808,353	-0-
Exchange traded funds	1,431,030	1,431,030	-0-
Liabilities:			
Charitable gift annuities payable	10,046	-0-	10,046

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2013 and 2012, is as follows:

	2013	2012
Furniture and fixtures	$ 20,010	$ 20,010
Equipment and software	92,149	92,149
Leasehold improvements	107,742	107,742
	219,901	219,901
Less accumulated depreciation	(167,651)	(153,888)
	$ 52,250	$ 66,013

7. CHARITABLE GIFT ANNUITIES

The Organization has two charitable gift annuities, from which the Organization received $10,000 from each charitable gift. The Organization is required to make annual payments to the donors: one in the amount of $1,080 for the remainder of the donor's lifetime and the other in the amount of $620 for the remainder of the donor's lifetime and one designated survivor's lifetime. Upon the death of the specified persons, the remaining amount of the gift is to be used by the Organization for unrestricted purposes. The Organization has recognized a liability for the present value of the amount expected to be paid to the third-party beneficiaries at December 31, 2013 and 2012, under these agreements. The liability was calculated based on the life expectancy of the beneficiary, derived from the applicable one life annuity expected return multiples for the first annuity, and based on the life expectancy of both stated beneficiaries, derived from the applicable joint annuity expected return multiples for the second annuity. The present value was calculated using an IRS discount rate of 5.6% on the single-life annuity and 4.0% on the two-lives annuity. The present value of amounts expected to be paid to the third party beneficiaries was $9,752 and $10,046 at December 31, 2013 and 2012, respectively.

8. LIABILITY FOR FUNDS HELD AS AGENCY ENDOWMENTS AND CUSTODIAL FUNDS

Liability for funds held as agency endowments represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions and custodial funds represent the non-permanent grants program. The Organization accounts for these transfers as a liability in accordance with applicable accounting standards. Income is added to these funds periodically in accordance with the Organization's investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the Statements of Activities.

Following is a progression of the liability for funds held as agency endowments and custodial funds during 2013 and 2012:

	2013	2012
Beginning balance	$ 7,099,493	$ 6,891,286
Contributions	3,458,670	3,029,258
Interest and dividend income	183,389	167,760
Realized and unrealized gains	558,850	385,297
Investment fees	(45,046)	(43,863)
Administrative fees	(53,746)	(50,253)
Grant payments	(3,404,616)	(3,279,992)
Ending balance	$ 7,796,994	$ 7,099,493

9. TEMPORARILY RESTRICTED NET SSETS

Temporarily restricted net assets represent endowment funds not yet appropriated for expenditure of $7,885,442 and $6,473,903 at December 31, 2013 and 2012, respectively.

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions in the amounts of $115,625 and $135,852 based on endowment funds appropriated for expenditure for the years ended December 31, 2013 and 2012, respectively.

11. ENDOWMENT

The majority of the Organization’s funds consists of endowed funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring endowment funds to be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The duration and preservation of the fund
(1) The purposes of the Organization and the donor-restricted endowment fund
(2) General economic conditions
(3) The possible effect of inflation and deflation
(4) The expected total return from income and the appreciation of investments
(5) Other resources of the Organization
(6) The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must use for a donor-specified purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Organization expects its endowment funds, over a five-year moving period, to provide an average rate of return of approximately 5 percent over the Consumer Price Index. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Organization has a policy of appropriating for distribution each year. It is the goal to distribute 3 to 5 percent of its endowment funds' average fair value over a rolling 20 quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Organization considered the long-term expected return on its endowment.

Changes in endowed funds for the years ending December 31, 2013 and 2012 were as follows:

	2013	2012
Endowment net assets, beginning of year	$ 6,473,903	$ 5,233,316
Contributions and other revenues	684,416	845,677
Investment return, net	842,748	530,762
Appropriation of endowment assets for expenditure	(115,625)	(135,852)
Endowment net assets, end of year	$ 7,885,442	$ 6,473,903

12. FUNCTIONAL EXPENSES

The Organization serves as a vehicle for residents of Dearborn County to donate to various organizations and projects in the county. Expenses related to providing this service for the years ended December 31, 2013 and 2012, are classified as follows:

	2013	2012
Development of Dearborn County	$ 265,105	$ 278,951
Fundraising	127,210	125,889
General and administrative expenses	70,974	70,263
	$ 463,289	$ 475,103

13. RENT

The Organization leases office space with monthly payments of $846 through July 2015. Rent expense was $10,152 for the years ended December 31, 2013 and 2012. Future minimum lease payments subsequent to December 31, 2013 under this lease are as follows:

Year Ending December 31,	
2014	$ 10,152
2015	5,076
	$ 15,228

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Investments are maintained with several investment firms. Such balances exceed the Securities Investor Protection Corporation insured limits of up to $500,000.