

# JOHN T. VUCUREVICH FOUNDATION

2008 ANNUAL REPORT



**JOHN T. VUCUREVICH  
FOUNDATION**

*...to make a piece of the world a brighter place.*

# OUR HISTORY

Our founder, John T. Vucurevich was born in Yugoslavia in 1912, and at the age of eight immigrated to the United States, growing up in Lead, South Dakota. Over the years, John learned the value of hard work, telling the truth, the need for keeping sound spiritual values, and the importance of helping those persons less fortunate.

John was a successful banker for over 50 years, owning banks in Nebraska, North Dakota, Minnesota, Montana, Wyoming, South Dakota, Iowa and Wisconsin. He developed a reputation as an expert in the development of publicly traded bank holding companies and served on a number of gubernatorial advisory committees.

He also felt that community service was very important and served in both the South Dakota House of Representatives and Senate. He was an active supporter of higher education and was recognized by the University of South Dakota School of Business as the South Dakotan of the Year. Because of his support of higher education, John established several scholarship endowments throughout the state of South Dakota. He demonstrated a deep-seated concern for the future leadership of the United States and was interested in promoting young men and women as future leaders.

Rapid City and the Black Hills area were very important to him, and he remained active in the community throughout his life. His success allowed him to establish endowments for many organizations in the Rapid City community to help those less fortunate, as well as provide financial support throughout the area to many individuals and organizations.

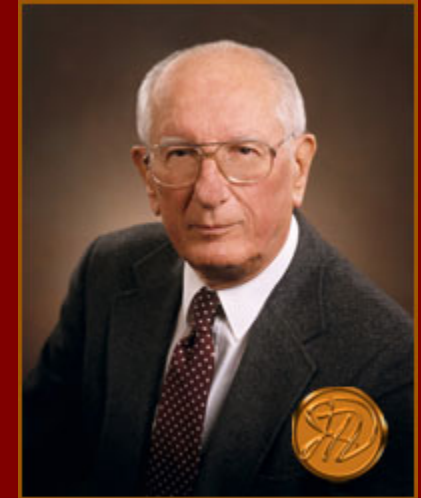
John Vucurevich's support and caring were genuine and often provided anonymously. Because of his successful ventures in the banking world, and tremendous support in community affairs, it enabled him to establish the John T. Vucurevich Foundation "*to make a piece of the world a brighter place.*"

*"I expect to pass through this world but once.*

*Any good therefore that I can do or any kindness that I can show... let me do it now.*

*For I shall not pass this way again."*

*-Stephen Grellet*



**JOHN T. VUCUREVICH**  
Founder  
1912-2005

2800 Jackson Blvd., Suite 410

Rapid City, SD 57702

605-343-3141

[www.jtvf.org](http://www.jtvf.org)



## ***Letter from the Board Chair***

The evolving of the John T. Vucurevich Foundation from a fledgling organization to a fully funded foundation during 2007-2008 has been an exciting period.

Since John's death in 2005 and the settling of his estate in late 2006, the Foundation has been endowed with sizeable assets which are to be used in John's words, "*to make a piece of the world a brighter place.*"

What a magnificent goal. We are fortunate to have a balanced, experienced, and dedicated staff that is committed to improving the cultural and living conditions for the people of Western South Dakota and the various communities in which we have ownership of banks. Our grants prior to 2006 were meaningful, but since have become larger and are focused on projects that have societal problems in the areas of education, health and human services. We have also sponsored a speaker series since 1992 as a gift to all area residents. We have been privileged to spend "An Evening With....." many national and world leaders.

The past 18 months have been difficult times in the financial market. Our marketable securities are invested in 18 different mutual funds. While our funds have performed better than average, the results are dismal. We are spending considerable time studying the market

and doing due diligence in developing sound strategies going forward.

We are unique in that a portion of our assets consist of 80% ownership in seven banks located in Wisconsin, Iowa and South Dakota. They are commercial banks and are feeling some economic contractions, however, they are well financed, have no debt, and have earned in excess of 11% rate of return on equity for many years. Through this ownership, we have to perform not only under the laws and rules governing foundations, but we are also classified as a bank holding company under the Federal Reserve, and must comply with their regulations. The bank securities are a sound investment. In addition to dividends the valuation has had a stabilizing impact on the Foundation's assets during these turbulent financial times.

We are fortunate to have an outstanding and caring Board of Directors. Tom Vucurevich, Renee Parker, Steve Flanery and Judge Lawrence Piersol are dedicated to pursuing the goals set forth by Mr. Vucurevich. They have provided extraordinarily strong leadership during the development period.

With proper stewardship and hard work, the Directors and staff are excited about and look forward to fulfilling the dream of "*making a piece of the world a brighter place.*"

**Dale E. Clement, Ph.D. – Board Chair**



## ***Letter from the Executive Director***

The John T. Vucurevich Foundation was a small, part time operation until 2007 when the assets of founder, John Vucurevich, were transferred to the Foundation after his death in July 2005. During his lifetime, John

generously supported community causes, personally, and he wanted this giving to continue after his death. Established in 1989, the Foundation's total grant making was \$5 million through 2006. From January 2007 through December 2008 the Foundation granted over \$8 million. We hope to grant \$4 to \$5 million per year in South Dakota with an emphasis on Western South Dakota and in communities where we own banks.

Prior to joining the John T. Vucurevich Foundation in 2007, I worked in the non-profit sector for 18 years along with six years non-profit auditing experience as a Certified Public Accountant. I can personally share in the excitement local non profits are feeling to have a resource like the John T. Vucurevich Foundation. South Dakota is among the bottom of the 50 states in philanthropy so John's legacy is an incredible asset to our area.

Transformation of the Foundation occurred in 2007. It was a year of board and staff development and determining the Foundation's identity. Paul Phelan, CFO and Carmen Hansen, Program Officer worked with John Vucurevich for many years and it was a natural fit for them to move to the Foundation. The Board and staff

underwent a strategic planning process to develop our focus and priorities. Those priorities were identified as arts, education, health and human services, housing and transportation as well as taking a leadership role to facilitate solutions to community problems.

Learning and leadership best describe the year 2008. It was exciting to learn more about philanthropy best practices and develop new relationships. Our staff grew to four when Shelly Adams joined the Foundation as Administrative Assistant. Our team of professionals is committed to continuous learning to search for new ideas and find out what works best in rural America.

Much of our grant making in 2008 was the result of leadership from staff in convening the Rapid City community to discuss issues, problems and solutions. We listened, and our grant making was in response to what we heard to be the key issues in the community with an emphasis on collaborative projects to make the greatest impact. We funded 63 different projects but focused our giving in the two main areas of education and human services primarily in Western South Dakota.

It is our intention to continue to partner with area non-profits, educational institutions, government entities and other funders to help facilitate solutions to area problems "to *make our piece of the world a brighter place*".

***Sandra Diegel – Executive Director***

## WHAT WE DO

The John T. Vucurevich Foundation awards grants to charitable organizations committed to helping the poor, distressed, under privileged, the advancement of the arts, religious, education & science, and promotion of social welfare within South Dakota with preference given to the West River area and in particular the Black Hills Region; and in communities where we own banks.

Funding priorities will be in the areas of the ***arts, education, health and human services, housing and transportation***. The John T. Vucurevich Foundation plans to take a leadership role in facilitating solutions to the following priority areas.

***Identify scholarship needs for critical shortage professions and retention of South Dakota's best students;***

***Reduce dropout rates, truancy and bullying;***

***Increase access to affordable dental and healthcare services and access to medical insurance;***

***Increase access to affordable substance abuse and mental health services and promote suicide prevention;***

***Increase affordable housing opportunities;***

***Increase community transportation availability.***

## ***2008 highlights***

***Housing*** – The John T. Vucurevich Foundation realizing the need for affordable housing to assist the chronically homeless funded the New Start program, which provides rental assistance, extensive case management and supportive services to assist the chronically homeless. Partnering non profit agencies match the rental assistance dollar for dollar with their supportive services.

***Education*** – Critical workforce shortages identified in South Dakota prompted the Board of Directors to fund scholarships for math and science degrees and students in the engineering field as well as technical areas. In healthcare, we continued funding scholarships for students enrolled in the nursing degree programs in western South Dakota. To increase Native American students attending college, the Board also funded scholarships for those students seeking a math or science degree.

Because of our focus to reduce dropout rates, truancy and bullying, funding was provided for Partnership Rapid City in the Rapid City Public School District allowing internship and apprenticeship opportunities to students. Emergency funding was also provided to continue Jumpstart, a daycare program for at-risk students. School-based substance abuse prevention and intervention programming was also funded as well as local agencies providing after school programs and mentoring.

***Arts*** – We saw the result of our support for the expansion of the Dahl Fine Arts Center into a fine, cultural facility which will host art exhibits, receptions, convention events, business trainings, meetings; music, theater and dance performances providing a venue for local artists and arts organizations.

***Health*** – As a result of a 2006 Community Needs Assessment showing a high need for dental care, our funding in 2007 and 2008 provided support for a second mobile dental unit in South Dakota and voucher program for aftercare dental services.

***Speaker Series*** –Retired General Tommy Franks provided a very informative and engaging event in April 2008. Since 1993, the Foundation has sponsored speaking events called “An Evening With....” The Foundation has hosted 19 national and international speakers who have vision for the future; promote understanding and awareness in the world and who may be an inspiration to the people of Rapid City and the surrounding area. Past speakers included Margaret Thatcher, Colin Powell and Carl Sagan. This event was the brainchild of our founder, John T. Vucurevich.

### ***Collaborations*** –

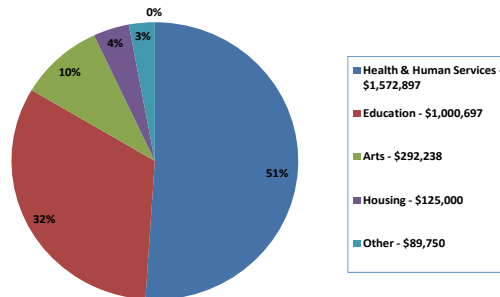
***Mental Health/Substance Abuse*** – Following a Black Hills Community Needs Assessment released in January, 2007, indicating mental health, substance abuse and suicide as major issues in the Black Hills, the John T. Vucurevich Foundation has begun a leadership role in facilitating the coordination needed to transform the behavioral health system in Western South Dakota.

***Emergency Food Needs*** - With the economic downturn, local nonprofit agencies received more than double the requests for food over the past year. The Foundation responded by convening area providers to discuss the issue and determine how to achieve the greatest impact. The consensus of the group was to provide funding to the local Food Bank/Pantry to be able to leverage the funds through bulk purchasing and distribution. Funding was also provided to other agencies to enhance the funding of the Food Bank and support was given to the senior meals program.

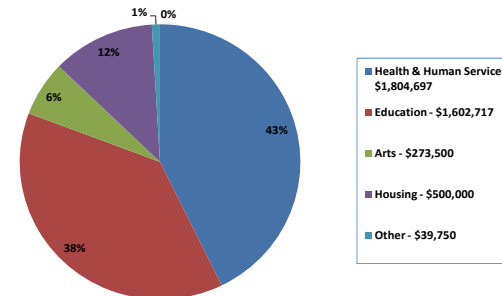
## 2008 GRANTMAKING Highlights

<b>Total Number of Grant Payments</b>	<b>63</b>
<b>Total Amount of Grant Payments</b>	<b>\$3,041,582</b>
<b>Total Amount of Grant Awards</b>	<b>\$4,181,664</b>
<b>Largest Grant Payment</b>	<b>\$300,000 {Outdoor Learning and Nature Center}</b>
<b>Largest Grant Award</b>	<b>\$500,000 {Pennington County Housing &amp; Redevelopment Commission}</b>
<b>Total Assets</b>	<b>\$102,573,047</b>

**Grants Paid - \$3,080,582**  
1/1/08 - 12/31/08



**Grants Awarded - \$4,220,664**  
1/1/08 - 12/31/08



# financial

## Statements of Financial Position - December 31, 2008

### **Assets**

Cash	757,054
Investments	101,359,479
Other Assets	456,514
<b>Total Assets</b>	<b>102,573,047</b>

### **Liabilities and Net Assets**

Grants payable	2,307,070
Federal Excise and Miscellaneous Taxes	9,478
Other Liabilities	586,466
<b>Total Liabilities</b>	<b>2,903,014</b>
Net Assets	99,670,033
<b>Total Liabilities and Net Assets</b>	<b>102,573,047</b>

## Statements of Activities - December 31, 2008

### **Revenues**

Interest and Dividends	4,540,784
Net Realized and Unrealized Gain (Loss)	476,489
<b>Total Income</b>	<b>5,017,273</b>

### **Expenses**

Grants	4,219,664
Administrative and Program Expense	623,586
Federal Excise Tax	98,728
<b>Total Expenses</b>	<b>4,941,978</b>
<b>Net unrealized gain (loss) net of deferred tax expense</b>	<b>(24,654,170)</b>
<b>Equity in undistributed closely held income</b>	<b>2,638,790</b>
<b>Increase (decrease) in Net Assets</b>	<b>(21,940,085)</b>
Unrestricted Net Assets at Beginning of Year	121,610,118
<b>Unrestricted Net Assets at End of Year</b>	<b>99,670,033</b>

# ***Board and Staff***

## ***Board***

*Dale E. Clement, Ph.D. – President*

*Steve Flanery*

*Renee Parker*

*Judge Lawrence Piersol*

*Thomas J. Vucurevich*

## ***Staff***

*Sandra Diegel – Executive Director*

*Paul Phelan – Chief Financial Officer*

*Carmen Hansen – Program Officer*

*Shelly Adams – Administrative Assistant*

*We lost a founding board member, Alex Vucurevich, brother to John Vucurevich in 2008. Alex was a member since 1989. He will be missed.*