Report from the Chair

“To make Two Harbors a better place to live, work and raise a family, now and for future generations.”

That is the vision of the Two Harbors Area Fund. It is a vision about people, purpose and place. A vision focused on enhancing the quality of life for the place we call home.

This past year, the Advisory Board focused on building the Fund’s endowment by more than $30,000. We granted out more than $25,000 to the community to projects such as Arts on Superior, Early Childhood Literacy Program and Two Harbors Heritage Days. All of these grants share one thing in common—improving the Two Harbors area.

Looking ahead, we hope to increase the impact we’re having on this region by expanding the number of organizations who receive grants from the Fund. To do this, we have set an ambitious annual goal of $50,000. Long term, we hope to build our endowment to $1,000,000.

Finally, a gift fueled by generous donors who share our vision of this place, will allow us to fund a major project that is of significant importance to the community. This grant, which falls outside our normal grant cycle, is pushing members to take on new tasks and responsibilities.

Thank you for your giving and participation with us throughout this past year. And, please consider continuing your support of building a stronger Two Harbors Area tomorrow...today.

Gordy Anderson, Chair
Two Harbors Area Fund
Advisory Committee

Mission

The Two Harbors Area Fund is entrusted with the responsibility to enhance the quality of life for the residents of Two Harbors and the surrounding areas.

Through its committee of community leaders, the Fund:
• serves as a resource and catalyst for giving;
• attracts and manages a growing endowment for our area’s future;
• provides a flexible vehicle and quality service for donors with varied philanthropic interests; and
• identifies and effectively responds to emerging strategic grant making.

2011 Donors

Michael McCarthy
Thomas and Carmen McGregor
Morris Moen and Elaine Melby-Moen
North Shore Rotary
Lyle and Trish Northey
Nancy and Rich Ojard
Helen Olsvik
The Electric Shop Inc.
Bob and Susan Olund
Don and Carlene Omendt
Pamda Foundation
Beth and Steve Probst
Deanna M. Rafn
David and Jo-Ann Rosssetter
Sandvik
Kenneth A. Sandvik
Chris N. Saur
Mr. and Mrs. Contee Seely
Dr. Daniel and Rosemary Skorich
Sonju Two Harbors LLC
Tim and Julie Storm
Stacy LaVres and Mary Tennis
Shirley J. Thompson
Two Harbors Federal Credit Union

Donors continued
U.S. Bancorp Foundation Employee Matching Gift Program
Vanilla Bean Cafe
Darlin W. Young

Advisory Board Members
(Those who served during all or part of 2011)

Gordy Anderson, Chair
Barbara H. Hamilton
Russell H. Conrow
Dean Croft
Terry Johnson
Carl Kerschen
Bob Larkin
Bob Olund
Nancy Ojard
Mason Schraufnagel

For More Information, Please Contact

Two Harbors Area Fund
Gordy Anderson
Two Harbors Chamber of Commerce
1722 7th Avenue
Two Harbors, MN 55616
218-834-2600
gordy@twoharborschamber.com

OR

Duluth Superior Area Community Foundation
222 East Superior Street, Suite 302
Duluth, MN 55802
218-726-0200
info@dsacommunityfoundation.com
Support the Two Harbors Area Fund
Community Foundations are a collection of endowed funds to enhance the quality of life in a defined geographic region.

A gift to the Two Harbors Area Fund will be pooled with others to generate earnings that provide grants to nonprofits and public entities in Two Harbors.

Gift Options
There are many options for giving to the Two Harbors Area Fund, but the easiest way to give is through a cash gift to the unrestricted fund of the Two Harbors Area Fund. Gifts of stock or land are also accepted. Unrestricted Funds are the most flexible and responsive in meeting the changing needs in the area.

For those interested in making a planned gift, some examples include bequests, charitable trusts, and IRA rollovers, or life insurance.

Establish A Customized Fund
In addition to Unrestricted Funds, a number of specialized types of funds are available to meet your interests and/or style of giving, including:

**Field of Interest Funds** allow a donor to support a specific area of interest such as the arts, education, youth or historic preservation.

**Designated Funds** allow a donor to choose one or more organizations to receive income from the fund in perpetuity.

**Organizational Endowed Funds** can be created by, or on behalf of, a nonprofit organization to gain more visibility for the organization and its endowment. It also relieves the organization of internal accounting and external reporting, increases opportunities for maximizing investment returns, ensures long-term growth, and creates a repository for additional gifts.

**Scholarship Funds** help students pursue an education they might not otherwise receive. Scholarship Funds can benefit graduates from a particular school, those attending a particular school, or those enrolled in a specific course of study.

**Field of Interest Funds** allow donors to take an active role in philanthropy by providing an opportunity for the donor to make grant recommendations for charitable organizations.

**Acorn Funds** allow people from all walks of life to make a difference...a little at a time. The fund, which eventually grows into a permanently named fund, is made through an individual or couple making contributions over an extended period of time.

### Established Funds

**Two Harbors Area Fund**, an affiliate fund of the Community Foundation, enhances the quality of life of Two Harbors area residents. 1998 Field of Interest

The following funds address the changing needs of the region served by the Two Harbors Area Fund. They are under the umbrella of the Two Harbors Area Fund.

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Field of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyle and Trish Northeby Family Fund</td>
<td>1999 Field of Interest</td>
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**Two Harbors Area Operating Fund** supports the activities of the Two Harbors Area Fund. 2000 Temporary

**LaBounty Family Fund** provides assistance to projects which promote economic development in the Two Harbors area. 2001 Donor Advised

**Superior Shores Resort Scholarship Fund** provides financial assistance to students from the Lake Superior School District who are pursuing a career in the hospitality industry. 2008 Scholarship

**Two Harbors Major Project Fund** will provide support to the Two Harbors Area Fund in implementing a major project which promotes “Quality of Life” for Two Harbors’ residents. 2008 Temporary

### Applying for Grant Funding

We encourage all organizations located in or serving residents of the Two Harbors community, as defined by the Two Harbors High School District, to request and review our Grant Guidelines.

Grants from Unrestricted Funds meet the changing needs of our community in the following five areas: Arts, Civic Projects, Education, Environment and Human Services. Eligible applicants must be either public agencies or charitable organizations classified as 501(c)(3). For further information, please visit the Grants section of the Duluth Superior Area Community Foundation website at www.dsacommunityfoundation.com or call the Two Harbors Area Fund at 218-834-2600.

**Grants Awarded in 2011**

**Two Harbors Area Fund**

**Arts on Superior** - $2,000 to host a series of family-friendly performances by local musicians, to be held on Fridays in Thomas Owen Park.

**City of Two Harbors** - $500 to hold a Block Party for residents of Two Harbors to come together and enjoy several performances by talented local musicians.

**City of Two Harbors** - $3,000 in support of Two Harbors Heritage Days, an annual community festival that includes two parades, weekend stage entertainment, a craft show, a car show, youth, and adult activities and dances.

**ISD #381 Lake Superior Public Schools** - $300 to update their online survey tool for improved data analysis. Non-profits and organizations within the boundaries of the school district are encouraged to use the survey tool.

**ISD #381 Lake Superior Public Schools** - $1,000 to replace practice safety mats for the Two Harbors Cheer Squad.

**ISD #381 Lake Superior Public Schools** - $1,615 in support of scholarship funds offered by the School Readiness Program for children attending Community Education Preschool in Two Harbors.

**North Shore Collaborative** - $1,000 to provide a seven-week early childhood literacy program for Lake County families.

**North Shore Players** - $1,000 to bring the Missoula Children’s Theatre Residency Program to the greater Two Harbors Area.

**Two Harbors Area Chamber of Commerce** - $2,863 to create new brochures for visitors, complete with sample itineraries and a walking map of the Historic Building Sites in Two Harbors.

**LaBounty Family Fund**

American Legion Post 109 - $2,500 to relocate and recreate a Veterans Memorial Forest in Lake View Park in Two Harbors.

**Grants Awarded in 2011 (continued)**

**City of Two Harbors** - $2,500 for an exhibit booth promoting the City of Two Harbors and surrounding area businesses at AirVenture 2012 in Osh Kosh, WI.

**City of Two Harbors** - $1,000 to create a community information sign to be located on the City’s Liquor Store property to increase awareness of and attendance at community events.

**Two Harbors Area Chamber of Commerce** - $2,800 to update and repair the North Shore Information Center.

**Two Harbors Food Shelf** - $2,500 to establish a food-shelf garden that will supply both the area food shelf and participating members with fresh, locally grown food.

### Financial Status

#### 2011 2010

<table>
<thead>
<tr>
<th>Public Support and Revenue</th>
<th>$82,360</th>
<th>$79,444</th>
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<tbody>
<tr>
<td>Donated Services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>10,511</td>
<td>5,533</td>
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<tr>
<td>Net realized and unrealized gain</td>
<td>(32,705)</td>
<td>62,193</td>
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<td>Refund of grants</td>
<td>171</td>
<td>2,400</td>
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<tr>
<td>Miscellaneous</td>
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Total Public Support and Revenue 60,337 151,370

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<tr>
<th>Grants, Fees, and Operating Expenses</th>
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<th>33,699</th>
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<tr>
<td>Investment management fees</td>
<td>2,708</td>
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<tr>
<td>Miscellaneous</td>
<td>-</td>
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<table>
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<tr>
<th>Functional expenses</th>
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<th>3,330</th>
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<td>Program services</td>
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<td>Public education</td>
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<td>4,338</td>
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<tr>
<td>Management and general</td>
<td>213</td>
<td>928</td>
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Total Functional Expenses 12,079 9,199

Total grants, fees, and operating expenses 67,892 45,353

Net Assets, Beginning of Year 743,066 628,050

Net Assets, End of Year $726,511 $734,060

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**LaBounty Family Fund**

American Legion Post 109 - $2,500 to relocate and recreate a Veterans Memorial Forest in Lake View Park in Two Harbors.