

Investing *in* Impact



2013 Report to *the* Community



DANIELS FUND





About *the Daniels Fund*

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The Daniels Fund is a private charitable foundation focused on making life better for the people of Colorado, New Mexico, Utah, and Wyoming through grants and scholarship programs and other initiatives. We continue the legacy of generosity established by our founder, Bill Daniels, a cable television pioneer known for his compassion for those in need and his unwavering commitment to ethics and integrity.

Daniels Fund Grants Program

We provide grants to support nonprofit organizations in our four-state region, as well as some programs with national impact. Each year, approximately 70% of our community investments are made through the Daniels Fund Grants Program in funding areas defined by Bill Daniels:

- Aging
- Alcoholism & Substance Abuse
- Amateur Sports
- Disabilities
- Early Childhood Education
- Ethics & Integrity in Education
- Homeless & Disadvantaged
- K-12 Education Reform
- Youth Development
- Support for Young Americans Bank

Daniels Fund Scholarship Program

Our scholarship program, which includes the Daniels Scholarship Program and the Boundless Opportunity Scholarship Program, represents approximately 30% of the Daniels Fund's annual charitable distribution.

The Daniels Scholarship is a four-year college scholarship for graduating high school seniors who demonstrate exceptional character, leadership, and a commitment to serving their communities. The Boundless Opportunity Scholarship provides college scholarships for non-traditional students of all ages, awarded by select colleges and universities using funds provided by the Daniels Fund.

We invite you to visit our website:
www.DanielsFund.org

Dear friends,

Both of us had the privilege of knowing and working closely with Bill Daniels for many years. While our connections to him were somewhat different, the influence he had on each of us was similarly profound. And we're not alone. The values Bill lived by inspired many in their lives and careers, and continue to do so today.

Those values, such as honesty, integrity, hard work, accountability, and a commitment to excellence play a big role throughout our work at the Daniels Fund. They are values we teach our Daniels Scholars and encourage through the grants we make. They also drive us to continually fine-tune our work so we can make the greatest impact in our four states.

Bill would have expected us to always improve using innovation and creativity, and 2013 was a year of great momentum. We leveraged technology to increase efficiencies and results. We made significant investments in New Mexico as part of a new grants strategy in the state. And we instituted an intense focus on Daniels Scholars graduating within four years, among other significant enhancements.



Linda Childears and June Travis

Impact

— realized and expected — from investments made in 2013

We're extremely fortunate to have a board and staff whose dedication, entrepreneurial spirit, and energy propel our work forward to make a difference in the communities we serve. Ten of eleven current board members knew Bill personally and each takes their job as caretaker of his legacy very seriously. The board's collective insight about Bill has been tremendously valuable in our work. Together, we continue to document his legacy so that future board and staff members can carry on the tradition of the Daniels Fund in perpetuity.

Inside the pages of this report, we share with you some of the many ways we invested in impact in 2013. We're proud of these accomplishments, and we know they will help us continue to make life better for the people and communities we serve.

Sincerely,

June Travis
June Travis | Board Chair

Linda Childears
Linda Childears | President & CEO

Investing in impact

2013 Highlights

Implemented significant enhancements to the Daniels Scholarship Program

- Increased focus on degree planning to improve four-year graduation rates
- Expanded programs that build life and work skills for Daniels Scholars
- Initiated programs that focus on the college-to-career/employment transition

Harnessed technology to solve challenges, create opportunities, and increase efficiency

- Built a web-based graduation planning tool for Daniels Scholars to map out four-year graduation
- Launched a web-based job board for Daniels Scholars to connect with hundreds of internships and job opportunities
- Launched an online grant application for a simple, streamlined process for grant-seekers
- Began online data collection to analyze and measure impact across grant funding areas

Focused on maximizing impact in New Mexico

- Launched a revised five-year New Mexico grants strategy focused on education from birth to employment
- Expanded a statewide public awareness campaign to identify and attract more scholarship applicants who possess strong qualities of character, leadership, and a commitment to community service



Continued to honor our donor's intent and legacy

- Captured an important ethics story in a new video about Bill Daniels' involvement with the Utah Stars
- Hosted the second annual Daniels Fund Ethics Consortium Case Competition for business students in our four states

Fostered relationships with our communities

- Introduced a small group of new Daniels Scholars to Colorado's House of Representatives in a surprise announcement at the State Capitol
- Inspired Daniels Scholars to express appreciation to wounded veterans through personal letters
- Held a community reception in Wyoming hosted by our board of directors to engage with grantees, community leaders, government officials, and Daniels Scholars
- Convened nearly 100 Daniels Scholar Alumni at a Colorado reception to network and re-connect

Recognized with multiple awards

- Named Outstanding Foundation in Philanthropy at New Mexico National Philanthropy Day
- Recognized as Foundation of the Year by Denver Health Foundation
- Honored with a Guiding Light Award from Goodwill Industries of Colorado Springs

Grants Program

Investing in outstanding nonprofit organizations

Online grant application improves grant process and enhances data collection

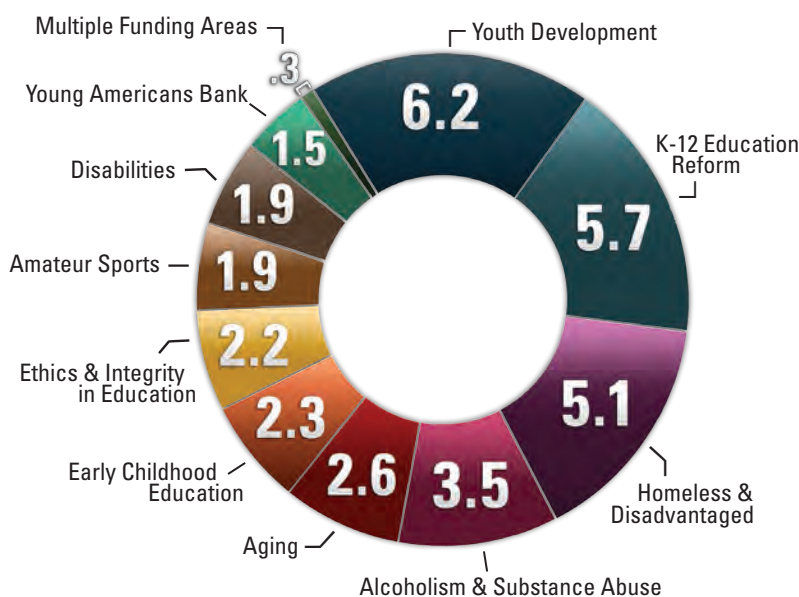
In 2013, we introduced a new online grant application. Grant-seekers are benefiting from the ease of use, and we're pleased with the efficiencies gained through electronic processing. We also integrated our grant evaluation into the online application to improve data collection and analysis. Moving forward, we hope to be better able to measure the impact of the grants we make.

Continued focus on finding opportunities for impactful support

We continued to identify nonprofit organizations and programs in 2013 that best demonstrate the types of characteristics we look for, including being highly effective, innovative, creative, well-managed, and aligned with our values, and — most importantly — donor intent. A few examples of 2013 grantees are featured on the following pages.



Grants paid in 2013 by funding area (in millions)



\$33.2 million
paid in grants in 2013

\$400.5 million
paid in grants, historical

Advocates of the free enterprise system **American Enterprise Institute (AEI)**

National Impact

Bill Daniels worked hard to earn his success and it was the power of the free enterprise system that enabled him to do so. That's why he spent so much time helping youth understand the value of entrepreneurship and the free market. His legacy as a champion of free enterprise continues through our support of highly effective and innovative organizations like American Enterprise Institute (AEI).

AEI's educational efforts are reaching thousands of college students across the country, helping them earn their success by unlocking the potential of free enterprise in their own lives.

Daniels Fund support in 2013 helped AEI host a series of events, seminars, and debates on college campuses, and create materials and online educational tools.

www.AEI.org



Building character through coaching **Positive Coaching Alliance**

Colorado Impact



Bill Daniels was a firm believer in the positive life lessons that youth sports help build, including discipline, confidence, teamwork, and sportsmanship. Positive Coaching Alliance is an excellent example of an effective youth sports program that we support. The program has helped more than five million young athletes have a positive, character-building youth sports experience thanks to its training for coaches, organizational leaders, parents, and athletes.

We are proud to have played an instrumental role in bringing Positive Coaching Alliance to Colorado. The Colorado chapter has been extremely successful and Daniels Fund support in 2013 helped further expand operations and launch a regional media campaign.

<http://Colorado.PositiveCoach.org>

Above and beyond academics **American Preparatory Academy**

Utah Impact



When we see a top performing charter school model that also focuses on building character, it catches our attention. American Preparatory Academy's five schools are in high demand, not only for their outstanding academic results, but also a unique focus on character development. Upon sixth grade graduation, students are well-versed in topics such as social graces, peer leadership, community service, civic awareness, and cultural appreciation.

Daniels Fund support in 2013 helped replicate this proven model throughout Salt Lake City, Utah.

www.AmericanPrep.org

Law enforcement mentors changing young lives
Volunteers of America Northern Rockies

Wyoming Impact



Volunteers of America Northern Rockies' Camp P.O.S.T.C.A.R.D. (Peace Officers Striving To Create And Reinforce Dreams) brings together several areas that were important to Bill Daniels: helping to prevent alcoholism and substance abuse, helping young people build character, and an enduring respect for the men and women in law enforcement, National Guard, and others.

This successful program helps at-risk fifth and sixth graders avoid substance abuse and crime by connecting them with volunteers who serve as mentors. As volunteers, they emphasize values, ethics, personal responsibility, teamwork, respect, honesty, and patriotism among the youth.

Daniels Fund support in 2013 helped at-risk youth in Wyoming attend the camp.

www.VOANR.org



*Improving education from
birth to employment*

New Mexico Grants Strategy

“ We applaud the Daniels Fund for its leadership in helping New Mexico’s education efforts. Our state is caught in a cycle of poverty, healthcare needs, family disruption, and educational deficiencies. Improving educational outcomes is the place to start breaking that cycle. It will create more and better jobs, and more resources to deal with social problems.”

*Doug Brown
Dean
Anderson School of Management
University of New Mexico*

We announced a change in our grants strategy in New Mexico in February 2013, following careful evaluation of the state’s trends and greatest challenges. This new strategy focuses almost exclusively on improving education from birth to employment.

Following are examples of organizations we’ve begun working with to help affect change in the state.



Mission: Graduate

Only 38% of working-age adults in central New Mexico have a post-high school degree. One-eighth of the population has never finished high school. Mission: Graduate is a partnership comprised of education, business, and community leaders working toward a coordinated education system that provides opportunities for all citizens to:

- Succeed from early childhood through high school
- Graduate with a postsecondary degree or certificate
- Enter a career of their choosing in central New Mexico

The partnership aims to add 60,000 new graduates with college degrees or certificates to central New Mexico by 2020.

Daniels Fund support in 2013 helped launch the community-wide initiative which is hosted by United Way of Central New Mexico.

www.MissionGraduateNM.org

The Bridge of Southern New Mexico

When local businesses and educators pushed to improve high school graduation rates in Las Cruces, the solution was to launch an Early College High School (ECHS) in New Mexico in partnership with Las Cruces Public Schools, Doña Ana Community College, and New Mexico State University.

The ECHS model enables students to earn both a high school diploma and an associate degree or certificate by taking a mixture of high school and college classes. The approach is credited with increasing graduation rates, and helping to build a strong pipeline from high school to college and career-readiness. 83% of students in the first graduating class are on track to graduate with a high school diploma and an associate degree.

Daniels Fund support in 2013 helped communities begin replicating the model throughout the state.

www.TheBridgeofSNM.com



First Born Program

First Born is a free, weekly home visitation program designed to support first-time parents. Using a structured curriculum, trained home visitors guide parents through the first three years of their child's life — the most important period for early brain development. Parents learn how to encourage infant growth, create safe and stimulating environments, access community resources, and much more. This award-winning program is delivering exceptional results and benefits for families throughout New Mexico.

Daniels Fund support in 2013 helped operate First Born programs in Los Alamos, Rio Arriba, San Miguel, and Santa Fe counties.

www.LANLFoundation.org/First-Born

Character,
leadership
& service

Daniels Scholarship Program

BILL DANIELS

Dear Kevin,

Thanks for your note. The enclosed is self-explanatory. Also enclosed is a check for your books. It's great to hear that your morale is up. Congratulations on your promotion.

A few expectations:

I will expect to receive all copies of your grades. I will expect to receive a monthly letter from you telling me how you are progressing, both academically and otherwise. The first time I do not receive a monthly letter from you, copies of your grades, or any of the above, our deal is over.

The point I am making is that by making this kind of commitment to you, you will have to perform. I am a tough taskmaster, but I can't tell you the pride I have watching the success of most of the young people I have tried to help.

You can do it! I am betting on you. Go get 'em!

Your pal,


Bill Daniels

With approximately 1,000 Daniels Scholars in college at any given time, it's a big investment that is taken seriously. For all Daniels Scholars, our goal is that they not only graduate with a degree, but they also find meaningful employment and become contributing members of the community.

Positioning each Daniels Scholar for success is incredibly important, and that's why we continue to improve and enhance the scholarship program. 2013 was a year of several such improvements, including an increased focus on four-year graduation planning and the offering of programs that prepare scholars for life after college. The results so far are highly encouraging.

247

Daniels Scholars
named in 2013

2,781

Daniels Scholars
named, historical

Daniels Scholars
enrolled at the end of 2013:

1,015

Daniels Scholars are enrolled in **214** colleges and universities in **44** states

70% of Daniels Scholars attend institutions within our 4-state region

Average cost per Daniels Scholar graduate: **\$57,750**



\$12.7 million
paid in Daniels Scholarships in 2013

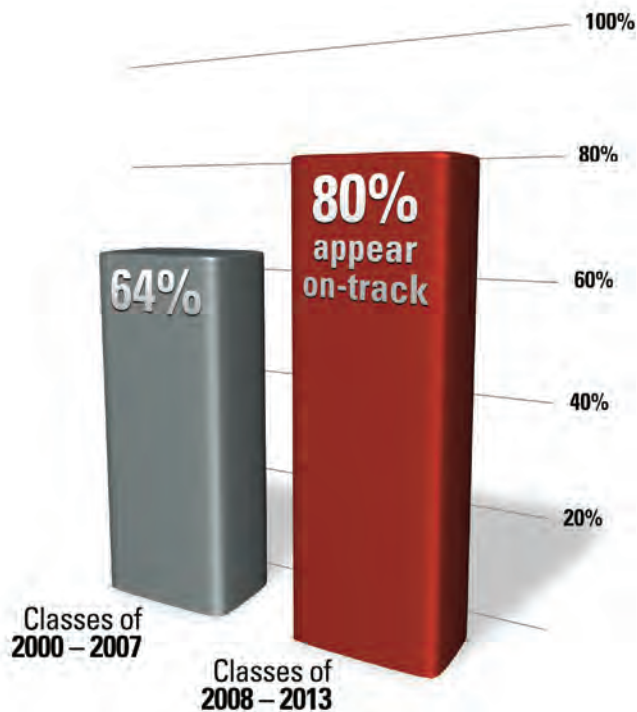
\$108.5 million
paid in Daniels Scholarships, historical

A four-year graduation push

Taking longer to graduate is a trend across the nation that's costing families and scholarship providers more and more. Historically, Daniels Scholars have been no exception to this trend. However, because the Daniels Scholarship is a four-year scholarship, most, if not all, of the scholars who were taking longer to graduate were incurring debt to do so, or worse, not finishing school after their scholarship funding ceased. That's not the return on investment we want to see.

Graduation rate for Daniels Scholars

While our focus is on four-year graduation, most colleges and universities report graduation rates based on six years, therefore the below percentages are based on a six-year measurement.



We believe that graduating in four years is possible with careful and timely planning by students. We realized that many Daniels Scholars were focused on earning college credits, but not necessarily assessing the impact of their coursework on degree requirements. In response, we created the "Grad Plan," a web-based, interactive graduation planning tool to help them. All Daniels Scholars are required to map out a plan to graduate in four years and the tool guides them through the process.

The Grad Plan enables both the Daniels Scholar and our staff to measure and monitor degree progress. Once a scholar gets off-track, we immediately become aware and work with the scholar to develop a plan for continuing their degree progress.

Daniels Scholars have embraced the focus on graduating within four years, and appreciate having this valuable resource and support.

"The Grad Plan really helped me to plan things. I love being able to see the next few years planned out. If I hadn't had the Grad Plan, I wouldn't have realized my need for summer courses, and may have fallen behind. It's a useful tool."

Trevor Hardin
2013 Daniels Scholar



Daniels Scholars motivated to earn their success

“Earned success is the belief that you can create value with your life and create value in the lives of other people. It’s not being given something for free. It’s earning it and having the opportunity to show what you’re made of.

That’s the opportunity in front of you.

That’s what you receive through your scholarship.”

*Arthur Brooks to the
2013 Class of Daniels Scholars*

Arthur Brooks, President of American Enterprise Institute (AEI), captivated the crowd at the New Daniels Scholar Celebration in June 2013. He shared a message with Daniels Scholars which they will continue to hear — that hard work, personal responsibility, and finding ways to lift others up will lead to earned success, and that the free enterprise system makes that possible.

*We invite you to watch the video on our website:
www.DanielsFund.org/Scholarships/ArthurBrooks.asp*



Preparing for life after college

“The fact that Daniels Scholars are selected for and receive ongoing training in character, leadership, service, ethics, etiquette, etc., allows them to rise above their peers.”

*Cristine Buggeln
Human Resources
JBS USA*



Just as the conversation about four-year graduation starts at orientation for Daniels Scholars, so does the topic of employment.

In an effort to put Daniels Scholars on the best path toward a meaningful career and continued active participation in society, we place significant emphasis on preparing for life after graduation. In 2013, our career development resources came into full operation.

2013 was a year of continued progress for our Daniels Scholarship Enrichment Program. Daniels Scholars are successfully building life and work skills through the series of 32 online personal and professional development modules taught by business leaders and other topical experts. Students and employers alike continue to be excited about the topics and results, noting the competitive advantage scholars gain by acquiring skills in ethics, leadership, entrepreneurship, and more.

Additionally, we have been building a network of employment partners in our four states. A new online job and internship board launched in 2013 connects Daniels Scholars to employment opportunities from these partners. Today, nearly 100 companies are networked with Daniels Scholars because of the importance and value they place on the skills and personal qualities exhibited by these scholars.

Youngest member of the Colorado General Assembly welcomes the 2013 Class of Daniels Scholars

In April 2013, a small group of Denver-area high school students and their families gathered at the Colorado State Capitol. They were there at the invitation of Daniels Scholar alumnus Dominick Moreno, who at 28, is the youngest member of the Colorado General Assembly and served as Commerce City's youngest-ever city council member and mayor pro tem.

Representative Moreno invited students to be honored with a proclamation to recognize their pursuit of higher education. While there, he surprised them by announcing they had been named Daniels Scholars.

Preserving Donor Intent & Legacy

An important ethics story is told **Bill Daniels & the Utah Stars**

There's a popular story concerning ethics that we're often asked to share. Bill Daniels owned the American Basketball Association's Utah Stars when the team was forced into bankruptcy in 1975 as the league unraveled.

Although Bill's financial obligations were legally discharged, he returned to Salt Lake City five years later and repaid every season ticket holder, vendor, player, and employee — with 8% interest per year — at a personal cost of more than \$750,000.

It's a story that resonates with most people and provides a deeper understanding and appreciation for the ethics that Bill held in such high regard throughout his life.

As part of an ongoing effort to document and preserve the life and legacy of Bill Daniels, we created a video in 2013 that recounts this story with the help of those who were there to see it unfold.



We invite you to watch the video on our website:
www.DanielsFund.org/Media

Board of Directors

A Wyoming community gathering

Each year, in one of the four states we serve, our board hosts a community reception. It gives our board members an opportunity to get to know the people and organizations we support and hear first-hand about the work they do in the community. In 2013, the reception was held in Casper, Wyoming, where nearly 100 people attended, including government officials, grantees, community leaders, philanthropists, and Daniels Scholars.



*Back row: Gayle Greer, Francisco Garcia, Jim Nicholson, Jim Griesemer, Brian Deevy
Front row: Tom Marinkovich, Dan Ritchie, Linda Childears, June Travis, Hank Brown, Tony Acone*

“Our community reception in Wyoming was a real opportunity for those of us on the board to meet and learn from the folks who are actually delivering the programs the Daniels Fund supports. It really brought home the importance of the work being done every day and the extraordinary impact Bill Daniels has had on people and communities in the four states we serve.”

June Travis | Daniels Fund Board Chair

“Engaging with the Daniels Fund board is indeed a pleasure. Such a statement when this remarkable group of leaders comes to your community, asks questions, and gives feedback. A statement that the Daniels Fund is committed to transformation.”

Ben Blalock | President, University of Wyoming Foundation

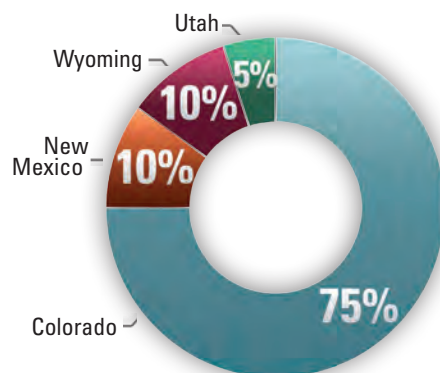
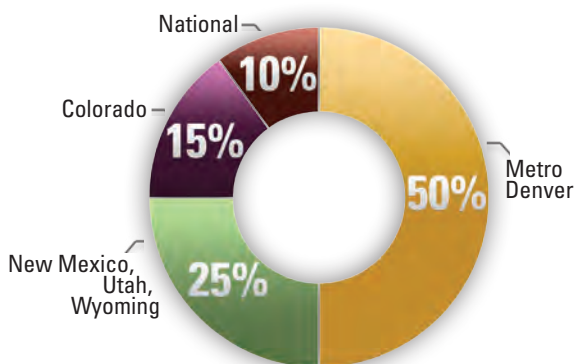
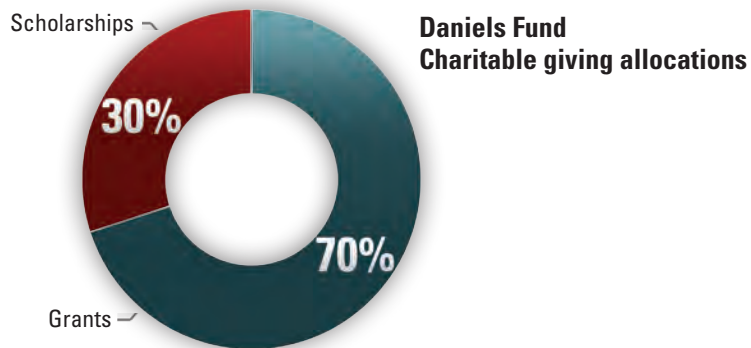
Financial Summary

Investing in our communities

	DECEMBER 31 (UNAUDITED)	
	<u>2013</u>	<u>2012</u>
ASSETS		
Investments, at market value	\$ 1,373,931,584	\$ 1,271,275,214
Property and equipment, net of depreciation	13,685,699	14,135,544
Taxes receivable (payable), net	9,781	(1,598,960)
Other assets	96,303	91,263
Net Assets	<u>\$ 1,387,723,367</u>	<u>\$ 1,283,903,061</u>
REVENUES		
Investment income	\$ 53,207,185	\$ 71,523,658
Realized gains (losses) on sale of investments	4,290,251	30,835,361
Unrealized gains (losses) on investments	101,861,167	31,909,015
Total Revenues	<u>159,358,603</u>	<u>134,268,034</u>
EXPENSES		
Grants paid	33,222,650	31,799,781
Scholarships paid	13,044,787	14,409,489
Administrative expenses	6,393,468	7,051,537
Investment management expenses	859,385	899,486
Excise and income taxes	1,485,982	2,580,519
Depreciation expense	532,025	502,946
Total Expenses	<u>55,538,297</u>	<u>57,243,758</u>
Change in Net Assets	<u>\$ 103,820,306</u>	<u>\$ 77,024,276</u>

	<u>2013</u>	<u>HISTORICAL</u>
GRANTS PAID BY FUNDING AREA		
Aging	\$ 2,629,728	\$ 26,329,820
Alcoholism & Substance Abuse	3,475,693	29,840,717
Amateur Sports	1,859,540	21,090,711
Disabilities	1,914,600	18,174,787
Early Childhood Education	2,324,462	30,210,443
Ethics & Integrity in Education	2,210,035	17,070,124
K-12 Education Reform	5,696,881	75,190,135
Homeless & Disadvantaged	5,157,978	72,455,309
Youth Development	6,210,056	77,417,144
Support for Young Americans Bank	1,461,387	22,174,123
Multiple funding areas	282,290	10,607,504
Total Grants	33,222,650	400,560,817

SCHOLARSHIPS PAID BY TYPE		
Daniels Scholarship Program	12,776,076	108,533,303
Boundless Opportunity Scholarships	268,711	12,085,491
Total Scholarships	13,044,787	120,618,794
Total Grants and Scholarships	\$ 46,267,437	\$ 521,179,611



Daniels Fund Grants Program
Funding allocations by geographic area

Daniels Fund Scholarship Program
Funding allocations by geographic area



DANIELS FUND

101 Monroe Street
Denver, Colorado 80206



The Daniels Fund is committed to fulfilling the intent and direction of our founder, Bill Daniels.