

We are not powerless specks of dust
drifting around in the wind,
blown by random destiny.


We are, each of us, like beautiful

S N O W F L A K E S

— unique, and born for a
specific reason and purpose.

—Elizabeth Kubler-Ross

FRIENDSHIP VENTURES
2004 ANNUAL REPORT



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OUR MISSION

is to enhance the quality of life
for people with disabilities,
their families and other caregivers
by providing services that educate
and support individuals in
achieving their highest
level of self-worth,
independence and
participation in the community.





LETTER

from the president and board chair

DEAR FRIENDS,

More than 100 friends gathered at Camp Friendship in September to commemorate the vision of our founders and the opportunities and experiences we have provided since they began this labor of love 40 years ago. The day was filled with stories, hugs, pictures, food, families and fun—a sure-fire recipe for a joyous celebration. We were particularly honored to have two 40-year camp veterans, Jim Maun and Kim Friel, join the festivities. And we all were all awed to consider the loyal support over the years from friends like you who've made it all possible. Thank you!

We believe Friendship Ventures has been around so long because we keep finding ways to deal with change. Knowing how inevitable change is for any organization, we have taken significant proactive steps to manage and prepare for our future.

One measure was a branding survey conducted to learn from clients and caregivers how well we're meeting their current needs. Responses to the survey gave us high marks on the aspects of camp valued most, from the quality and opportunities that make up the client experience to the dedication and competence of our staff. Survey responses also revealed that some of the goals we have in mind, such as offering different levels of programming for people with diverse abilities, would be well received when we're able to move forward with them.

The branding survey results also provided important information for another proactive initiative launched this year, long-range strategic planning on two tracks. One track relates to equipment and capital improvements needed to keep our aging facilities safe, functional and well maintained. The other track is focused on fund raising to meet operating and scholarship needs as well as to retire debt and provide sound financial footing for the future.

The challenges are clear. This year, more than 85 percent of our clients requested financial support. Though nearly \$650,000 is distributed in scholarships each year, limited funds still prevent many people from enjoying the benefits of our programs. Another challenge lies in the complexities of securing qualified staff on a seasonal basis, which limits our ability to meet the increasingly high care needs of people with multiple disabilities. And finally, our technology needs remain significantly under funded, thus hampering our abilities to operate efficiently and communicate effectively.

Yet, we have many reasons to be encouraged. The continuation of our Friendship in Action program was both encouraging and productive. One element of the program involves bringing neighbors, donors, friends and prospective volunteers in for tours to see Friendship Ventures in operation. The other element is telling our story to prospective donors through one-hour breakfast and lunch events. These events raised nearly \$254,000 in five-year pledges during 2004. It's encouraging to know our passion is contagious!

In the following report, you'll find not only highlights of our programming and services for 2004, but also evidence of the creative, faithful, generous support provided by so many individuals and groups we are privileged to call friends. It was a year to celebrate, indeed.

On behalf of the board of directors, we want to thank each of you for your contribution toward our continued success. Friendship Ventures thrives because of participants, volunteers, community members, board members and donors. We know that we have very talented and dedicated full-time and seasonal employees, for which we are very thankful. Please continue to partner with us as we move forward with current and new services at Friendship Ventures.

In deepest appreciation,

Georgann Rumsey
President & CEO

Lynne Megan
Board Chair



SHARING

gifts of nature and friendship



Each year our core programs serve the needs of 3,000 kids and adults with disabilities, their families and care providers from 39 states around the country. In 2004, as before, our programming continued to evolve and expand the range of opportunities for clients to learn, socialize, create memories and enjoy the gifts of nature and friendship.

This year our **Summer and Winter Resident Camp** sessions served nearly 1500 clients, 13 percent of whom were first time guests. Of the more than 100 sessions conducted, 72 were geared to special interests, e.g., fishing, horseback riding, creative crafts, dance and more. New special sessions included baseball, drama and clay sculptures. We also offered a special summer session called Camp Adventure, a high energy, fast paced program led by specially trained staff for children with attention deficit disorders. Winter campers participated in snow shoeing, ice fishing, broomball and cross country skiing. They also had indoor options to participate in: cooking, music, swimming, the gym, weight room and game room. Special activities this year included the Broomball Classic, Jazzy Jewelry, Foot Loose dancing and a program featuring SoHo Artists, a Hibbing, Minnesota, group of artists with disabilities.

Our **State Park Camping** trips served 34 clients in 2004. A new trip to Lake Bemidji State Park, through a partnership with a therapeutic riding program near the campground, offered campers three days of horseback riding. Two groups of campers participated in the session, getting the chance to hike, cook over a campfire, fish and swim in Lake Bemidji and spend time with the horses.

The **Creative Options Respite** program provided weekend breaks for families and clients alike, serving six to 10 individuals each weekend during the school year and from 16 to 20 on summer weekends. This service is available to adults and children with disabilities and includes the option for children to bring siblings or friends along. Scholarships were made available to families in need of emergency respite.

It was a remarkable nineteenth year of operation for Ventures Travel, which managed to serve the same number of travelers as in 2003, despite an unavoidable disruption of service caused by changes in the terms of its insurance coverage. With appropriate coverage in place, the service was reestablished on June 15, 2004, as **Ventures Travel LLC, a new separate entity to continue offering travel vacation options.** Nearly 80 trips in 2004 were staffed by 28 trip leaders and guides with the help of 57 volunteers who contributed a total of 371 days of service. Our travelers went to favorite destinations such as Branson, Missouri, and Disneyland, as well as to new attractions including the Ozarks and the home of Laura Ingalls Wilder in DeSmet, South Dakota.

Vocational and Leisure Support Service is a collaborative effort with Wright Connections and REM Greatland, Inc., that provides an inclusive work experience along with leisure and recreation skill enhancement for a person with unique needs.

Our **Sojourn** program offered an opportunity for more than 100 adults to participate in activities that incorporate fun and friendship. A partnership between REM Buffalo and St. Cloud Community Education brought individuals to Camp Friendship to enjoy a craft project, a hike or hay ride through the woods and cooking s'mores over a camp fire.

Need for Scholarships Continues

We managed to reduce the waiting list of campers to 40 in 2004, down from a range of 50-400 in past years. This year more than 2,000 resident campers, respite and travel clients requested some level of scholarship.



"We would like to commend all your staff for being very friendly and completely capable to adapt to each unique person's needs." – Maggie, parent



SHARING

the wealth while stretching the dollars

Offering our facilities to outside groups for retreats and meetings helps us cover the cost of ongoing operations, such as utilities, maintaining and improving our facilities and supporting the higher cost of direct care services. Not only does it provide needed operating income, it provides the opportunity to educate attendees about our mission in providing services to children and adults with developmental disabilities and their families and caregivers.

Retreat & Conference Rentals provided a casual setting for church, school, and other non-profit groups and businesses to get together away from their routines and enjoy the beautiful, restorative qualities of nature. The total number of guests served increased at both Eden Wood Center and Camp Friendship in 2004.

Our **Team Quest Challenge Course** program served nearly 4,700 customers from 88 groups in 2004. The sense of adventure and satisfaction inherent in the Team Quest Challenge experience draws a diverse clientele from businesses, schools and churches to at-risk youth, while also complementing the programming options for our resident campers year round. This year saw the addition of four new high elements at Camp Friendship, one new high element at Eden Wood. We also introduced an environmental education program and leveraged our technology capabilities to provide better customer service.



OUR FRIENDS

There's no way our mission could be served without the generous support of the thousands of friends who share their own time, talents, resources, connections and funds each year. Once again, each 75¢ we received in funds swelled to a full \$1 in value thanks to extensive use of volunteers and in-kind donations of materials and equipment.

Our **Volunteer and Youth Leadership Program** yielded a ratio of more than four volunteers to each part-time or seasonal staff member in 2004. The more than 75,000 volunteer hours they donated were worth more than \$1 million in services including direct care, office and technology support, carpentry, grounds cleaning, telemarketing and fund-raising support. Donated professional services alone were valued at more than \$34,000 in 2004. We were fortunate that our volunteer retention rate again exceeded 45 percent as many faithfully continued to help Friendship Ventures and our clients.

Development efforts this year benefited from significant increases in individual giving, partly as a great response to our new Friendship in Action initiative. The Jolly Open and Schoen annual golf tournaments raised nearly \$40,000, and proceeds from our vehicle donation program tripled this year. We also enjoyed increased support from service organizations who stepped up to the plate in a big way in 2004, including:

- * The Edina Federated Women's Club, who selected Friendship Ventures as their 2004 Charity of Choice and donated proceeds of their annual Cabaret Fund Raiser to provide 106 full or partial scholarships to Respite Care or Summer Camp programs at Eden Wood Center.
- * Eden Prairie Lions, who donated \$11,000 in proceeds from a golf tournament to provide tents for camp outs, a safe new dock and Funyak™ boats at Eden Wood.



OUR FRIENDS

continued

Other faithful friends from Lions and Lioness Clubs, Knights of Columbus, American Legion, VFW, Camp Friendship Auxiliary, Gunflint Lodge, International Order of the Blue Goose and Jaycees also came through again this year with money and volunteer support to help advance our mission.

These gains were partly offset by economic pressure on other funding resources, such as Combined Charities and businesses. Even so, we gratefully acknowledge major support received in 2004 from:

- * Sixty-five employees of Microsoft's North Central district in Bloomington, who cleared an acre of buckthorn at Eden Wood Center, restoring the woods to a state that will allow the return of native Minnesota plants and trees.
- * Wright-Hennepin Electric Trust, whom we honored with our Business Connection Award for their long-term support. This year they were the in-kind supplier of equipment for our first high ropes challenge course and donated \$20,000 to buy a skid loader.
- * Tim Moe, whose Thrifty Car Rental franchise for the fifth consecutive year donated \$1 for every car rented in November.

OPERATIONS

We are proud of our record for making the most of the financial resources we receive each year. As always, we kept the cost of our operations and fund-raising combined to just 11.5 percent of what we received in 2004.

Previous investments in technology have helped us establish a stable core data system, increased our ability to communicate with customers, and improved our business systems. It's a good start, but we face continuous needs for updating, from virus protection, software licenses and training to replacement of rapidly aging equipment.

Our natural resources are a great asset, but also need continuous maintenance to protect the land and keep our facilities in good working order. In 2004 we made the following improvements at Eden Wood Center:

- * Replaced existing and added paved sidewalk through a 2003 in-kind donation from Midwest Asphalt
 - * Purchased and installed a new fishing dock
 - * Re-roofed the Lion's Den cabin, thanks to the work of volunteers from the Knights of Columbus
- At Camp Friendship we were able to:
- * Re-roof the Tent Room Building, Mourning Dove and Brown Thrasher cabins
 - * Install new windows in the Minnesota Loon, Wasie and Goldfinch cabins, thanks to a 2003 in-kind donation from Thermo Tech
 - * Demolish an old resort cabin to make way for an addition to the Arts and Crafts Building

Part of our long-range strategic planning has identified a specific list of additional capital maintenance and equipment needs that must be addressed to preserve our investment and provide a safe and comfortable environment for our clients.





FAMILY FOCUS

one family, one story.

People with disabilities and their families know what is not immediately obvious to the rest of the world: the presence of a disability does not protect them from other difficult realities of life. Cory Holmquist and his family are just one example.



Cory was born with a rare and complex genetic disorder that caused him to be multiply impaired with profound developmental cognitive, speech, language and hearing disabilities. The condition also produces significant behavioral effects including self injury and aggression. The severity of Cory's situation at about age 6 finally got him into a program that offered continued medical care and some degree of financial relief for his family. Cory has had more than 15 surgeries in as many years to correct some of the associated physical effects such as the cleft lip and pallet.

The demanding nature of Cory's care and constant supervision requirements left his family few places to turn for respite and support. Cory had a very hard time with in-home respite due to his behavioral issues, as care providers were concerned that other children might learn these behaviors from him or feared for their safety and sanity.

"We used every home possible in our area, most of which did not work for more than two visits. There was one that worked for about six months, but even that wore down," said Cory's mom, Renee.

Finally, the Holmquists' case worker at Catholic Charities in St. Cloud put them in touch with Camp Friendship. Cory has been attending camp for about four years. His experiences there have opened doors to friendships with peers and have provided structure and activities not found with in-home respite.

"The benefits to his dad and me have been tremendous," Renee said. "The respite has provided us with time together to bond as husband and wife and the freedom to enjoy ourselves for short periods of time without worrying about Cory." Time together like this was especially precious because Cory's dad, Jim, was deployed to Afghanistan to serve in "Operation Enduring Freedom."

Even now, Camp Friendship is making a difference for the Holmquists. Renee said, "Your respite program now provides me with a breath of fresh air and camp provides male role models for Cory. The camp, the staff and the volunteers have been lifesavers for our family."

distinguished VOLUNTEER of the year.

Distinguished Volunteer of the Year is one of the highest awards we present each year, given to a volunteer whose contributions of time, energy, resources and ideas have clearly had an impact on our success. We are honored and privileged by their association with Friendship Ventures.

This year's recipient, Gaylen Ghylin, learned about Friendship Ventures nearly four years ago when a business associate who was very involved in construction of our Program Center told Gaylen of his volunteer commitment to our mission.

Upon seeing the work of our staff and volunteers for himself, Gaylen also felt compelled to support Friendship Ventures. "It takes people of extraordinary compassion and skill to provide this rare combination of service and care. Their selfless dedication fulfills fundamental human needs in a way that's just not available through mainstream resources," he said, adding, "That's really the gemstone of Friendship Ventures."

Since then, Gaylen has shared his contagious reaction to Friendship Ventures with several others in positions to help. He's become a great ambassador through our Friendship in Action initiative and by bringing others along to play in our golf tournaments and support other special events.

He's demonstrated his generosity of spirit in other significant ways, as well. Since he was elected to our board in 2003, we've benefited greatly from Gaylen's organizational leadership in long range planning and making major policy decisions. His considerable business and financial expertise helped us make prudent, confident decisions during this year of economic and organizational challenges.

According to Gaylen, the benefits go both ways. "I'll venture to say that I get more out of participating with Friendship Ventures than anyone who might benefit from what I have contributed," he said. He'll never know.



"I'll venture to say that I get more out of participating with Friendship Ventures than anyone who might benefit from what I have contributed."

—Gaylen Ghylin
Volunteer of the Year



LETTER

from the president and chairman of Friendship Foundation

Dear Friends,

Though intrinsically linked to Friendship Ventures, the Friendship Foundation's purpose is more narrowly focused on providing financial support. The "why" of it is clear in our vision: To guarantee the future of Friendship Ventures so that they can continue to improve the quality of life for children and adults with disabilities and their families. The "how" we go about it is addressed broadly in our mission: By building strong relationships with individuals, by providing products and services that make it easy to give and by prudent investment of endowment funds.

We are indebted to those who've helped execute our mission and advance our vision in the following ways this year:

Added 10 new "Forever Friends Society" members who have named Friendship Ventures or the Friendship Foundation as a beneficiary in their will, life insurance policy, retirement fund/IRA, charitable gift annuity, pooled income fund or charitable remainder trust, or who have created a named endowment fund with a minimum gift or pledge of \$20,000. Total membership now stands at 78.

Brought our total number of named endowments from 12 to 16.

Renewed two major gifts from 2003 for a total of \$31,000 and acquired five new major gifts for a total of \$84,000. We also increased the number of \$5,000+ donors from five in 2003 to 13 in 2004.

Anticipated distribution of funds from four estates; the settlement date or amount is unknown at this time, although we know two of the gifts will fall in the range of \$12,000 to \$20,000.

Elected two new board members so that we are now in compliance with our policy of having one-third plus one of the Foundation's directors also serve as directors for Friendship Ventures.

Established an honorary board to recognize past board members and major donors and to encourage them to stay connected to Friendship Ventures and the Foundation.

Identified new prospects for "major" and "ultimate" gifts through Friendship Ventures' highly successful Friendship in Action initiative.

Achieved a 10.8 percent overall return on investment of Friendship Foundation assets.

Approved a new distribution policy for 2005 that provides more long term protection of portfolio assets; the result will increase portfolio value, which will in turn provide an increased distribution of funds to Friendship Ventures.

You could say we're all about the money, but what we're really about is making things possible. The true value of our efforts is best reflected in the difference we make in the lives of Friendship Ventures clients and their families: Priceless.

In gratitude and friendship,



Jim Guddahl,
Chairman



Ed Stracke,
President

FINANCIAL HIGHLIGHTS

Friendship Ventures and Friendship Foundation

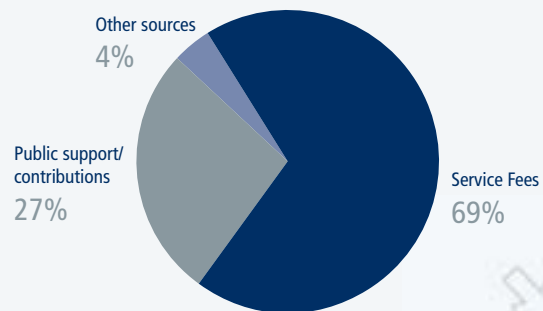
Kern, DeWenter, Viere Ltd., an accounting firm independent of our organization, audited the 2004 finances of Friendship Ventures and Friendship Foundation. A consolidated summary of their findings follows. Copies of complete financial statements and the auditor's report are available for inspection during regular business hours at our headquarters, located at Camp Friendship near Annandale, Minnesota.

Total assets on December 31, 2004, were \$5.4 million with \$972,098 residing in the Friendship Foundation. The funds held by Friendship Foundation are donor-designated for endowment purposes.

REVENUES

Service Fees	\$ 2,400,264
Public Support/Contributions	\$ 947,692
Other Sources	\$ 46,640
Unrealized Gains (Losses) on Assets	\$ 93,210
Total Revenues	\$3,487,806

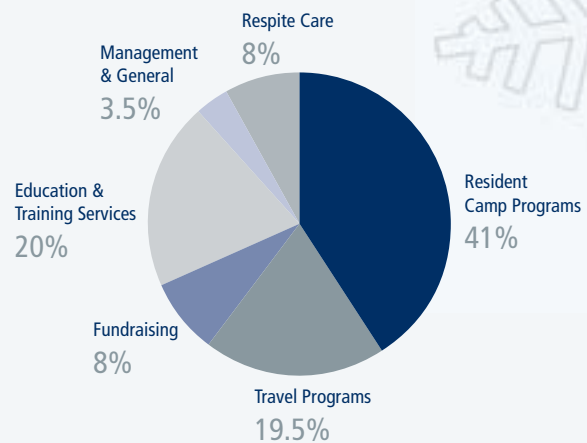
REVENUES



EXPENSES

Direct Services	\$2,999,098
Resident Camp Programs	\$1,410,501
Education and Training Services*	\$ 665,841
Travel Programs	\$ 659,402
Respite Care/Family Services	\$ 263,354
Administrative Expenses	\$ 407,761
Fund Raising	\$ 284,165
General Management	\$ 123,596
Total Expenses	\$3,406,859

PERCENTAGE OF EXPENSES



Included in expense is non-cash depreciation of \$273,725

* Includes Youth Volunteer Leadership Program, employment training, Environmental Education, Team Quest, Retreat and Conference Services

BOARDS OF DIRECTORS

Friendship Ventures

Friendship Ventures is a privately funded, non-profit organization that provides leisure, social, educational and support services to enhance the self-worth, independence and quality of life for children and adults with mental retardation and other developmental disabilities and their families. Incorporated as Children's Disability Service Association/ Friendship Ventures.

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Plymouth MN

Edward J. Stracke
Friendship Foundation
St. Cloud MN

Georgann D. Rumsey,
President & CEO
Friendship Ventures

* Executive Committee

Friendship Foundation

Friendship Foundation is a nonprofit, tax-exempt organization that operates exclusively to support the mission and programs of Friendship Ventures by soliciting permanently endowed funds and managing planned charitable gifts.

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Friendship Ventures
St. Cloud MN

Edward J. Stracke
President
Friendship Foundation

Ventures Travel, LLC

Ventures Travel, LLC was established June 15, 2004, as a separate limited liability corporation and operates exclusively for charitable and educational purposes to enhance the self-worth, independence and quality of life for adults with disabilities and their families in providing travel vacation opportunities.

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On the Web at www.friendshipventures.org



There's a miracle called
friendship that dwells in the
heart. You don't know how it
happens or when it gets
started but you know the
special lift it always brings
and you realize that
FRIENDSHIP
is one of God's most
precious gifts!

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