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Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

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► Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf

2013

For calendar year 2013 or tax year beginning

APR 1, 2013

, and ending

MAR 31, 2014

Name of foundation

D A O FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)

Room/suite

611 BEACON STREET

City or town, state or province, country, and ZIP or foreign postal code

ROCKFORD, IL 61111

G Check all that apply: Initial return Initial return of a former public charity
 Final return Amended return
 Address change Name changeH Check type of organization: Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust Other taxable private foundationI Fair market value of all assets at end of year **► \$ 2,707,319.** (from Part II, col (c), line 16) J Accounting method: Cash Accrual
 Other (specify) _____

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		48,048.	48,048.		STATEMENT 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		122,415.			
b Gross sales price for all assets on line 6a	659,437.				
7 Capital gain net income (from Part IV, line 2)			122,415.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total. Add lines 1 through 11		170,463.	170,463.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees					
c Other professional fees	STMT 2	11,805.	11,805.		0.
17 Interest	STMT 3	1,599.	0.		
18 Taxes					
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses	STMT 4	15.	0.		0.
24 Total operating and administrative expenses Add lines 13 through 23		13,419.	11,805.		0.
25 Contributions, gifts, grants paid		116,898.			116,898.
26 Total expenses and disbursements Add lines 24 and 25		130,317.	11,805.		116,898.
27 Subtract line 26 from line 12:		40,146.			
a Excess of revenue over expenses and disbursements					
b Net investment income (if negative, enter -0-)			158,658.		
c Adjusted net income (if negative, enter -0-)				N/A	

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4

Assets	Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year
			(a) Book Value	(b) Book Value
				(c) Fair Market Value
1	Cash - non-interest-bearing			
2	Savings and temporary cash investments		15,729.	31,690.
3	Accounts receivable ►			
	Less: allowance for doubtful accounts ►			
4	Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons			
7	Other notes and loans receivable ►			
	Less: allowance for doubtful accounts ►			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments - U.S. and state government obligations			
b	Investments - corporate stock	STMT 5	2,026,507.	2,051,853.
c	Investments - corporate bonds	STMT 6	127,647.	126,486.
11	Investments - land, buildings and equipment basis ►			
	Less accumulated depreciation ►			
12	Investments - mortgage loans			
13	Investments - other			
14	Land, buildings, and equipment: basis ►			
	Less accumulated depreciation ►			
15	Other assets (describe ►)			
16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item 1)		2,169,883.	2,210,029.
				2,707,319.
Liabilities	17	Accounts payable and accrued expenses		
	18	Grants payable		
	19	Deferred revenue		
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable			
22	Other liabilities (describe ►)			
23	Total liabilities (add lines 17 through 22)		0.	0.
Net Assets or Fund Balances	24	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>		
		and complete lines 24 through 26 and lines 30 and 31		
	25	Unrestricted		
26	Temporarily restricted			
27	Permanently restricted			
28	Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/>			
	and complete lines 27 through 31.			
29	Capital stock, trust principal, or current funds		2,169,883.	2,210,029.
30	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.
31	Retained earnings, accumulated income, endowment, or other funds		0.	0.
32	Total net assets or fund balances		2,169,883.	2,210,029.
33	Total liabilities and net assets/fund balances		2,169,883.	2,210,029.

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,169,883.
2	Enter amount from Part I, line 27a	2	40,146.
3	Other increases not included in line 2 (itemize) ►	3	0.
4	Add lines 1, 2, and 3	4	2,210,029.
5	Decreases not included in line 2 (itemize) ►	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	2,210,029.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)			(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a					
b SEE ATTACHED STATEMENTS					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e 659,437.		537,022.			122,415.
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a					
b					
c					
d					
e					122,415.
2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }			2	122,415.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8				3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2012	114,000.	2,361,565.	.048273
2011	110,640.	2,309,032.	.047916
2010	107,795.	2,293,681.	.046997
2009	110,956.	2,137,785.	.051902
2008	138,496.	2,291,711.	.060433

2 Total of line 1, column (d)	2	.255521
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.051104
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	2,581,808.
5 Multiply line 4 by line 3	5	131,941.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,587.
7 Add lines 5 and 6	7	133,528.
8 Enter qualifying distributions from Part XII, line 4	8	116,898.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate.
See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1.	Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)	1	3,173.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b			
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			
3	Add lines 1 and 2	2	0.	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	3,173.	
5	Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-	4	0.	
6	Credits/Payments:	5	3,173.	
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,880.	
b	Exempt foreign organizations - tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	1,880.	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	1,293.	
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11	Enter the amount of line 10 to be: Credited to 2014 estimated tax ► <input type="checkbox"/> Refunded ► <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)?	X	
<i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>			
1c	Did the foundation file Form 1120-POL for this year?	X	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:		
	(1) On the foundation. ► \$ 0. (2) On foundation managers. ► \$ 0.		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	X	
<i>If "Yes," attach a detailed description of the activities.</i>			
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>	X	
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	X	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	X	
<i>If "Yes," attach the statement required by General Instruction T</i>			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:	X	
	• By language in the governing instrument, or		
	• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ► <u>IL</u>		
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	X	
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	X	

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	<input type="checkbox"/> 11	<input checked="" type="checkbox"/> X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	<input type="checkbox"/> 12	<input checked="" type="checkbox"/> X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	<input type="checkbox"/> 13	<input checked="" type="checkbox"/> X
14	The books are in care of ► PATRICIA OLSON Located at ► 611 BEACON STREET, ROCKFORD, IL	Telephone no. ► (815) 964-7226 ZIP+4 ► 61111	
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	► 15	<input type="checkbox"/> N/A
16	At any time during calendar year 2013, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	<input type="checkbox"/> 16	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.	Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ►	N/A	1b
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?		1c <input checked="" type="checkbox"/> X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(l)(3) or 4942(l)(5)):		
a	At the end of tax year 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? If "Yes," list the years ►	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)		N/A 2b
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
b	If "Yes," did it have excess business holdings in 2013 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2013)		N/A 3b
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a <input checked="" type="checkbox"/> X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?		4b <input checked="" type="checkbox"/> X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

 Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870

 Yes No

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

 Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

 Yes No

N/A

5b

X

6b

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation.**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
PATRICIA OLSON 611 BEACON STREET ROCKFORD, IL 61111	TRUSTEE 1.00	0.	0.	0.
AMY OLSON 611 BEACON STREET ROCKFORD, IL 61111	TRUSTEE 1.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

►

0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**
3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

►

0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

Expenses

1	N/A	
2		
3		
4		

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

Amount

1	N/A	
2		
3		
Total. Add lines 1 through 3	►	0.

Form 990-PF (2013)

Part X**Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	2,578,630.
b	Average of monthly cash balances	1b	42,495.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	2,621,125.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	2,621,125.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	39,317.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,581,808.
6	Minimum investment return Enter 5% of line 5	6	129,090.

Part XI**Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ► and do not complete this part)

1	Minimum investment return from Part X, line 6	1	129,090.
2a	Tax on investment income for 2013 from Part VI, line 5	2a	3,173.
b	Income tax for 2013. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	3,173.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	125,917.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	125,917.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	125,917.

Part XII**Qualifying Distributions** (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:	1a	116,898.
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1b	0.
b	Program-related investments - total from Part IX-B	2	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3	Amounts set aside for specific charitable projects that satisfy the:	3b	
a	Suitability test (prior IRS approval required)	4	116,898.
b	Cash distribution test (attach the required schedule)	5	0.
4	Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	6	116,898.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b		
6	Adjusted qualifying distributions Subtract line 5 from line 4		

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				125,917.
2 Undistributed income, if any, as of the end of 2013			116,028.	
a Enter amount for 2012 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2013:				
a From 2008				
b From 2009				
c From 2010				
d From 2011				
e From 2012				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ 116,898.			116,028.	
a Applied to 2012, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2013 distributable amount	0.			870.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:	0.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2012. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				125,047.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2014 Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2009				
b Excess from 2010				
c Excess from 2011				
d Excess from 2012				
e Excess from 2013				

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
ALZHEIMER'S ASSOCIATION <u>ROCKFORD, IL</u>	NONE	PUBLIC	MEDICAL RESEARCH/WELFARE	250.
AMERICAN CANCER SOCIETY <u>ROCKFORD, IL</u>	NONE	PUBLIC	MEDICAL RESEARCH	50.
ART FOR HEALTH <u>CHICAGO, IL</u>	NONE	PUBLIC	MEDICAL WELFARE	1,000.
ATO FOUNDATION <u>INDIANAPOLIS, IN</u>	NONE	PUBLIC	EDUCATIONAL	10,000.
AUD FOUNDATION <u>RESTON, VA</u>	NONE	PUBLIC	MEDICAL RESEARCH	15.
Total	SEE CONTINUATION SHEET(S)			► 3a 116 898.
b Approved for future payment				
NONE				
Total				► 3b 0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income	Excluded by section 512, 513, or 514	(e) Related or exempt function income		
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:						
a						
b						
c						
d						
e						
f						
g Fees and contracts from government agencies						
2 Membership dues and assessments						
3 Interest on savings and temporary cash investments						
4 Dividends and interest from securities						
5 Net rental income or (loss) from real estate:						
a Debt-financed property						
b Not debt-financed property						
6 Net rental income or (loss) from personal property						
7 Other investment income						
8 Gain or (loss) from sales of assets other than inventory						
9 Net income or (loss) from special events						
10 Gross profit or (loss) from sales of inventory						
11 Other revenue:						
a						
b						
c						
d						
e						
12 Subtotal. Add columns (b), (d), and (e)			0.		170,463.	0.
13 Total. Add line 12, columns (b), (d), and (e)					13	170,463.
(See worksheet in line 13 instructions to verify calculations.)						

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
	NOT APPLICABLE

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

- (1) Cash
- (2) Other assets

b Other transactions:

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b. If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instr.)?

Signature or officer or trustee		Date	Date	Title	
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	DAN G. LOESCHER		<i>Dan G. Loescher</i>	<u>1/29/14</u>	PTIN
	Firm's name ► LOESCHER & ASSOCIATES, LTD.			Firm's EIN ► 36-4038006	
Firm's address ► 6845 WEAVER ROAD, SUITE 200 ROCKFORD, IL 61114			Phone no. 815-637-9584		

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a DWS ENHANCED COMMODITY STRATEGY FUND	P	VARIOUS	06/26/13
b JANUS TRITON FUND	P	VARIOUS	06/26/13
c FEDERATED STRATEGIC VALUE DIV	P	VARIOUS	08/27/13
d HARBOR BOND FUND INSTL	P	VARIOUS	08/27/13
e VANGUARD INFLATION PROTECT ADM	P	VARIOUS	08/27/13
f COLUMBIA DIVIDEND OPPTY FD	P	VARIOUS	09/11/13
g DWS ENHANCED COMMODITY STRATEGY FUND	P	VARIOUS	09/11/13
h FEDERATED STRATEGIC VALUE DIV	P	VARIOUS	09/11/13
i HARBOR BOND FUND INSTL	P	VARIOUS	09/11/13
j NUVEEN REAL ESTATE SECS - CLASS I	P	VARIOUS	09/11/13
k VANGUARD INFLATION PROTECT ADM	P	VARIOUS	09/11/13
l VANGUARD FIXED INCOME SEC GNMA ADM	P	VARIOUS	09/11/13
m COLUMBIA DIVIDEND OPPTY FD	P	VARIOUS	01/15/14
n OPPENHEIMER DEVELOPING MARKETS Y	P	VARIOUS	01/15/14
o VANGUARD INFLATION PROTECT ADM	P	VARIOUS	01/16/14

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 11,000.		12,515.	<1,515. >
b 75,266.		69,000.	6,266.
c 15,000.		12,285.	2,715.
d 10,000.		9,807.	193.
e 5,000.		4,784.	216.
f 50,000.		36,430.	13,570.
g 20,000.		22,532.	<2,532. >
h 86,472.		70,180.	16,292.
i 64,987.		65,824.	<837. >
j 40,000.		33,660.	6,340.
k 20,000.		19,921.	79.
l 5,000.		5,373.	<373. >
m 100,000.		76,966.	23,034.
n 20,000.		19,227.	773.
o 26,195.		26,680.	<485. >

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			<1,515. >
b			6,266.
c			2,715.
d			193.
e			216.
f			13,570.
g			<2,532. >
h			16,292.
i			<837. >
j			6,340.
k			79.
l			<373. >
m			23,034.
n			773.
o			<485. >

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7
If (loss), enter "-0-" in Part I, line 7 }

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):

If gain, also enter in Part I, line 8, column (c).
If (loss), enter "-0-" in Part I, line 8 }

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	COLUMBIA DIVIDEND OPPTY FD	P	VARIOUS	03/07/14
b	FIRST EAGLE FD OF AMERICA	P	VARIOUS	03/07/14
c	CLEARBRIDGE SMALL CAP GR	P	VARIOUS	03/07/14
d	IVY MID CAP GROWTH FUND	P	VARIOUS	03/07/14
e	T ROWE PRICE GROWTH STOCK FD	P	VARIOUS	03/07/14
f	CAPITAL GAINS DIVIDENDS			
g				
h				
i				
j				
k				
l				
m				
n				
o				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 10,000.		7,570.	2,430.
b 20,000.		8,397.	11,603.
c 20,000.		15,510.	4,490.
d 20,000.		14,272.	5,728.
e 10,000.		6,089.	3,911.
f 30,517.			30,517.
g			
h			
i			
j			
k			
l			
m			
n			
o			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			2,430.
b			11,603.
c			4,490.
d			5,728.
e			3,911.
f			30,517.
g			
h			
i			
j			
k			
l			
m			
n			
o			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter "-0-" in Part I, line 7 }	2	122,415.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

D A O FOUNDATION

36-6101712

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
BOYLAN HIGH SCHOOL FOUNDATION	NONE	PUBLIC	EDUCATIONAL	
<u>ROCKFORD, IL</u>				250.
CARPENTERS PLACE	NONE	PUBLIC	SOCIAL WELFARE	
<u>ROCKFORD, IL</u>				100.
DISCOVERY CENTER	NONE	PUBLIC	EDUCATIONAL	
<u>ROCKFORD, IL</u>				300.
GIRLS ON THE RUN	NONE	PUBLIC	SOCIAL SERVICES	
<u>ROCKFORD, IL</u>				485.
HAVEN NETWORK	NONE	PUBLIC	SOCIAL SERVICES	
<u>ROCKFORD, IL</u>				950.
JEH FOUNDATION	NONE	PUBLIC	EDUCATIONAL ASSISTANCE	
<u>CHICAGO, IL</u>				400.
KEEP NORTHERN ILLINOIS BEAUTIFUL	NONE	PUBLIC	CONSERVATION	
<u>ROCKFORD, IL</u>				500.
KLEHM ARBORETUM	NONE	PUBLIC	CONSERVATION	
<u>ROCKFORD, IL</u>				45,950.
MARCH OF DIMES	NONE	PUBLIC	MEDICAL RESEARCH	
<u>ROCKFORD, IL</u>				250.
MIDWAY VILLAGE	NONE	PUBLIC	HISTORICAL PRESERVATION	
<u>ROCKFORD, IL</u>				1,000.
<u>Total from continuation sheets</u>				105,583.

D A O FOUNDATION

36-6101712

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
MILESTONE <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	
PROJECT UNDERSHARE <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	125.
PUBLIC MEDIA INSTITUTE <u>CHICAGO, IL</u>	NONE	PUBLIC	EDUCATIONAL	500.
ROCK VALLEY COLLEGE <u>ROCKFORD, IL</u>	NONE	PUBLIC	EDUCATIONAL	2,500.
ROCKFORD ART MUSEUM <u>ROCKFORD, IL</u>	NONE	PUBLIC	ARTS	5,000.
ROCKFORD DAY NURSERY <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	25,168.
ROCKFORD INSTITUTE <u>ROCKFORD, IL</u>	NONE	PUBLIC	SUPPORT SERVICE	10,000.
ROCKFORD PARK DISTRICT <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES/RECREATION	250.
ROCKFORD SYMPHONY <u>ROCKFORD, IL</u>	NONE	PUBLIC	PERFORMING ARTS	5,000.
ROCKFORD WOMENS CLUB <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	655.
Total from continuation sheets				

D A O FOUNDATION

36-6101712

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
ST JOSEPHS CHURCH <u>ROCKFORD, IL</u>	NONE	PUBLIC	RELIGIOUS	200.
ST PETERS CHURCH <u>ROCKFORD, IL</u>	NONE	PUBLIC	RELIGIOUS	1,500.
ST. ANTHONY'S CHURCH <u>ROCKFORD, IL</u>	NONE	PUBLIC	RELIGIOUS	1,000.
UNITED NEIGHBORHOOD <u>CHICAGO, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	900.
UNITED WAY ROCK RIVER VALLEY <u>ROCKFORD, IL</u>	NONE	PUBLIC	SOCIAL SERVICES	2,500.

Total from continuation sheets

FORM 990-PF		DIVIDENDS AND INTEREST FROM SECURITIES			STATEMENT	1
SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	
ALPINE BANK INVESTMENT GROUP	78,565.	30,517.	48,048.	48,048.		
TO PART I, LINE 4	78,565.	30,517.	48,048.	48,048.		
FORM 990-PF		OTHER PROFESSIONAL FEES			STATEMENT	2
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES		
INVESTMENT MANAGEMENT FEES	11,805.	11,805.		0.		
TO FORM 990-PF, PG 1, LN 16C	11,805.	11,805.		0.		
FORM 990-PF		TAXES			STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES		
FEDERAL EXCISE TAX	1,599.	0.		0.		
TO FORM 990-PF, PG 1, LN 18	1,599.	0.		0.		
FORM 990-PF		OTHER EXPENSES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES		
STATE FILING FEE	15.	0.		0.		
TO FORM 990-PF, PG 1, LN 23	15.	0.		0.		

FORM 990-PF	CORPORATE STOCK	STATEMENT	5
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	2,051,853.	2,546,606.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,051,853.	2,546,606.

FORM 990-PF	CORPORATE BONDS	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	126,486.	129,023.
TOTAL TO FORM 990-PF, PART II, LINE 10C	126,486.	129,023.

DAO FOUNDATION
SCHEDULE OF INVESTMENTS
YEAR ENDING 3/31/14

FEIN:36-6101712

MUTUAL FUNDS	BEGINNING BOOK VALUE	END OF YEAR BOOK VALUE	FMV
ALLIANZ CONVERTIBLE BOND FUND INSTL	-	125,000	133,830
ARTISAN MID CAP VALUE FUND	37,695	37,695	58,292
BLACKROCK STRATEGIC INC OPPORT INS	-	40,000	40,904
COLUMBIA DIVIDEND OPPORTUNITY FD	197,000	76,034	105,578
CLEARBRIDGE SMALL CAP GROWTH	-	59,490	72,381
DWS ENHANCED COMMODITY STRATEGY FD	95,000	59,953	55,392
FEDERATED STRATEGIC VALUE DIV-INSTL	82,466	-	-
FIRST EAGLE FUND OF AMERICA	52,253	43,857	69,627
GOLDMAN SACHS STRAT INC-INST	88,763	114,763	120,068
HARBOR BOND FUND INSTL	75,632	-	-
HARBOR INTERNATIONAL FUND	131,757	131,757	158,187
ISHARES S&P MIDCAP 400 IND FD-ALPINE	21,153	30,970	52,239
ISHARES S&P SMALLCAP 600 INDEX FUND	61,469	61,469	95,822
ISHARES S&P 500 INDEX FUND - ALPINE	195,946	246,002	356,525
ISHARES S&P 500 BARRA GROWTH FUND	40,392	40,392	64,896
INVESCO INTL SMALL COMPANY	89,000	89,000	91,845
IVY MID CAP GROWTH FUND	146,573	132,301	174,622
JANUS TRITON FUND-I	69,000	-	-
MAIRS AND POWER GROWTH FUND	100,000	170,000	206,161
METROPOLITAN WEST HIGH YIELD BOND	40,450	40,450	38,378
NUVEEN REAL ESTATE SEC CLASS I	80,550	46,890	54,826
OPPENHEIMER DEVELOPING MARKETS	128,000	108,773	113,328
OPPENHEIMER SR FLOATING RATE FD-Y	30,000	30,000	30,107
T ROWE PRICE EUROPEAN STOCK FUND	-	100,000	101,566
T ROWE PRICE GROWTH STOCK FUND	187,000	180,911	266,713
VANGUARD INFLATION PROTECTED #119	50,889	-	-
VANGUARD SHORT TERM INVEST GRADE	-	66,000	66,136
VANGUARD FIXED INC SEC GNMA	25,519	20,146	19,183
TOTALS	<u>2,026,507</u>	<u>2,051,853</u>	<u>2,546,606</u>

DAO FOUNDATION
 SCHEDULE OF INVESTMENTS
 YEAR ENDING 3/31/14

FEIN:36-6101712

<u>CORPORATE BONDS</u>	<u>BEGINNING BOOK VALUE</u>	<u>END OF YEAR BOOK VALUE</u>	<u>FMV</u>
FHLMC DATED 2.175% DUE 2/19/2014	-	-	-
FHLB DATED 3.125% DUE 3/11/2016	25,546	25,364	26,247
FNMA DATED 5.00% DUE 8/2/2012	-	-	-
FNMA DATED 2.625% DUE 11/20/2014	50,898	50,449	50,798
GENERAL ELECTRIC CAP CORP 4.375% DUE 9/21/2015	25,707	25,425	26,349
JPMORGAN CHASE 3.700% DUE 1/20/2015	<u>25,496</u>	<u>25,248</u>	<u>25,629</u>
 TOTALS	<u>127,647</u>	<u>126,486</u>	<u>129,023</u>