

Combined Financial Statements

**COMMUNITY FOUNDATION OF GREATER FORT WAYNE INC.
AND AFFILIATED SUPPORTING ORGANIZATIONS**

*Years ended December 31, 2008 and 2007
with Report of Independent Auditors*

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Combined Financial Statements

Years ended December 31, 2008 and 2007

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HAINES, ISENBARGER & SKIBA, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

The Board of Directors
Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

We have audited the accompanying combined statements of financial position of the Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations (Foundation) as of December 31, 2008 and 2007, and the related combined statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations at December 31, 2008 and 2007 and the combined results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Haines, Isenbarger & Skiba, LLC

April 7, 2009

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Combined Statements of Financial Position

	December 31	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 196,454	\$ 508,679
Investments, at fair value	63,219,976	90,642,317
Contributions receivable	130,000	155,000
Accrued investment income and other	23,162	35,101
Total current assets	63,569,592	91,341,097
Land, building, and equipment:		
Land	280,000	280,000
Building	1,827,113	-
Equipment	117,434	12,915
Construction in process	-	762,685
	2,224,547	1,055,600
Less accumulated depreciation	28,760	1,319
	2,195,787	1,054,281
Other assets:		
Cash value of life insurance policies	1,175,240	1,153,240
Beneficial interest in trusts	4,089,539	6,462,081
Long-term contributions receivable	80,000	150,000
Real estate and other assets	295,754	1,377,504
	5,640,533	9,142,825
Total assets	\$ 71,405,912	\$ 101,538,203
Liabilities and net assets		
Current liabilities:		
Current portion of grants and scholarships payable	\$ 1,256,471	\$ 1,134,910
Current portion of annuities payable	37,743	47,725
Current portion of long-term debt	17,209	3,232
Accounts payable and accrued expenses	323,086	66,711
Funds held for agencies	3,565,199	5,018,156
Total current liabilities	5,199,708	6,270,734
Grants and scholarships payable, less current portion	1,086,377	741,191
Annuities payable, less current portion	226,694	280,103
Long-term debt, less current portion	681,492	401,695
Total liabilities	7,194,271	7,693,723
Net assets:		
Unrestricted	61,960,202	88,248,176
Temporarily restricted	23,920	1,156,494
Permanently restricted	2,227,519	4,439,810
Total net assets	64,211,641	93,844,480
Total liabilities and net assets	\$ 71,405,912	\$ 101,538,203

See accompanying notes to combined financial statements.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Combined Statements of Activities and Changes in Net Assets

	Year ended December 31							
	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenues, and gains (losses)								
Contributions	\$ 1,822,697	\$ 121,944	\$ -	\$ 1,944,641	\$ 2,844,308	\$ 490,169	\$ -	\$ 3,334,477
Less contributions received for agencies	207,040	-	-	207,040	245,358	-	-	245,358
Less interfund contributions	55,211	-	-	55,211	93,183	-	-	93,183
Net contributions	<u>1,560,446</u>	<u>121,944</u>	<u>-</u>	<u>1,682,390</u>	<u>2,505,767</u>	<u>490,169</u>	<u>-</u>	<u>2,995,936</u>
Interest and dividends	2,703,443	2,800	-	2,706,243	3,245,975	9,798	-	3,255,773
Realized and unrealized gain (loss) on investments, net	(24,695,560)	(15)	-	(24,695,575)	1,631,685	-	-	1,631,685
Gain (loss) on beneficial interest in trusts and change in value of real estate interests and annuities	(220,122)	-	(2,212,291)	(2,432,413)	131,609	-	2,026,822	2,158,431
Other	27,301	18,189	-	45,490	130,927	-	-	130,927
Total support, revenues, and gains (losses) before net assets released from restrictions	<u>(20,624,492)</u>	<u>142,918</u>	<u>(2,212,291)</u>	<u>(22,693,865)</u>	<u>7,645,963</u>	<u>499,967</u>	<u>2,026,822</u>	<u>10,172,752</u>
Net assets released from restrictions for operations	144,457	(144,457)	-	-	389,433	(389,433)	-	-
Total support, revenues, and gains (losses)	<u>(20,480,035)</u>	<u>(1,539)</u>	<u>(2,212,291)</u>	<u>(22,693,865)</u>	<u>8,035,396</u>	<u>110,534</u>	<u>2,026,822</u>	<u>10,172,752</u>
Expenses								
Grants and scholarships:								
Arts and culture	300,739	-	-	300,739	353,213	-	-	353,213
Community development	919,766	-	-	919,766	460,903	-	-	460,903
Education	1,179,201	-	-	1,179,201	1,979,911	-	-	1,979,911
Health and human services	2,805,830	-	-	2,805,830	2,255,681	-	-	2,255,681
Other charitable purpose	412,951	-	-	412,951	406,949	-	-	406,949
	<u>5,618,487</u>	<u>-</u>	<u>-</u>	<u>5,618,487</u>	<u>5,456,657</u>	<u>-</u>	<u>-</u>	<u>5,456,657</u>
Less grants made from agencies	250,860	-	-	250,860	152,627	-	-	152,627
Less interfund grants and scholarships	55,211	-	-	55,211	93,183	-	-	93,183
Net grants and scholarships	<u>5,312,416</u>	<u>-</u>	<u>-</u>	<u>5,312,416</u>	<u>5,210,847</u>	<u>-</u>	<u>-</u>	<u>5,210,847</u>
Fees and expenses								
Operating expenses	943,516	-	-	943,516	878,751	-	-	878,751
Investment management and custodian fees	258,446	-	-	258,446	282,492	-	-	282,492
Interest expense	38,549	-	-	38,549	4,601	-	-	4,601
Other expenses	386,047	-	-	386,047	3,225	-	-	3,225
Total fees and expenses	<u>1,626,558</u>	<u>-</u>	<u>-</u>	<u>1,626,558</u>	<u>1,169,069</u>	<u>-</u>	<u>-</u>	<u>1,169,069</u>
Total expenses	<u>6,938,974</u>	<u>-</u>	<u>-</u>	<u>6,938,974</u>	<u>6,379,916</u>	<u>-</u>	<u>-</u>	<u>6,379,916</u>
Increase (decrease) in net assets before other changes	(27,419,009)	(1,539)	(2,212,291)	(29,632,839)	1,655,480	110,534	2,026,822	3,792,836
Net assets released from restrictions used for land, building, and equipment	1,066,397	(1,066,397)	-	-	762,685	(762,685)	-	-
Transfer	64,638	(64,638)	-	-	-	-	-	-
Increase (decrease) in net assets	<u>(26,287,974)</u>	<u>(1,132,574)</u>	<u>(2,212,291)</u>	<u>(29,632,839)</u>	<u>2,418,165</u>	<u>(652,151)</u>	<u>2,026,822</u>	<u>3,792,836</u>
Net assets at beginning of year	88,248,176	1,156,494	4,439,810	93,844,480	85,830,011	1,808,645	2,412,988	90,051,644
Net assets at end of year	<u>\$61,960,202</u>	<u>\$ 23,920</u>	<u>\$2,227,519</u>	<u>\$64,211,641</u>	<u>\$88,248,176</u>	<u>\$1,156,494</u>	<u>\$4,439,810</u>	<u>\$ 93,844,480</u>

See accompanying notes to combined financial statements.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Combined Statements of Cash Flows

	Year ended December 31	
	2008	2007
Operating activities		
Increase (decrease) in net assets	\$(29,632,839)	\$ 3,792,836
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized loss (gain) on investments, net	24,695,575	(1,631,685)
Noncash gifts received	(358,961)	(1,499,228)
Depreciation	27,440	1,319
Loss (gain) on beneficial interest in trusts and change in value of real estate interests and annuities	2,639,163	(2,158,431)
Changes in operating assets and liabilities:		
Contributions receivable	95,000	60,440
Beneficial interest in trusts	(59,871)	138,612
Accrued investment income and other	11,939	289,550
Grants and scholarships payable	466,747	899,127
Annuities payable	(63,391)	(50,223)
Accounts payable and accrued expenses	256,375	38,558
Funds held for agencies	(1,452,957)	346,138
Net cash provided by (used in) operating activities	(3,375,780)	227,013
Investing activities		
Purchases of investments	(27,612,675)	(103,662,863)
Proceeds from sale and maturities of investments	30,698,402	103,932,687
Purchases of building and equipment	(1,168,946)	(775,600)
Distribution from sale of real estate and other assets	875,000	200,000
Increase in cash value of life insurance	(22,000)	(34,072)
Net cash provided by (used in) investing activities	2,769,781	(339,848)
Financing activities		
Proceeds from line of credit borrowings which converted to a mortgage note payable	295,073	404,927
Payments on mortgage note payable	(1,299)	-
Net cash provided by financing activities	293,774	404,927
Increase (decrease) in cash and cash equivalents	(312,225)	292,092
Cash and cash equivalents at beginning of year	508,679	216,587
Cash and cash equivalents at end of year	\$ 196,454	\$ 508,679

See accompanying notes to combined financial statements.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements

December 31, 2008

1. Organization and Summary of Significant Accounting Policies

Organization

The mission of the Community Foundation of Greater Fort Wayne Inc. and affiliated supporting organizations (collectively, the Foundation) is:

“to build public giving partnerships that effectively connect donors with nonprofit organizations and community projects to produce a brighter future for all people in Allen County.”

The Community Foundation of Greater Fort Wayne Inc. works toward this mission in the following ways:

- As a **grantmaker**, ensuring effective grants that meet donors’ charitable interests and address the community’s changing needs.
- As a **steward**, providing professional investment and financial services that preserve and enlarge a community pool of charitable funds.
- As a **resource developer**, attracting permanent assets that supply flexible community resources for today and the future.
- As a **philanthropic advisor**, offering information and advice that helps donors and nonprofit agencies achieve their objectives and improve the community.
- As a **community leader**, stimulating community dialogue and decision-making that help define common goals and solve crucial problems.

The Community Foundation of Greater Fort Wayne Inc. operates as an administrator of funds set up exclusively for religious, charitable, scientific, testing for public safety, literary and educational purposes, and for the prevention of cruelty to children and animals, primarily in Allen County, Indiana, unless otherwise designated by a donor.

The Community Foundation of Greater Fort Wayne Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contribution deduction limitation. The Community Foundation of Greater Fort Wayne Inc. has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting.

Principles of Combination

The combined financial statements include the Community Foundation of Greater Fort Wayne Inc. and its affiliated supporting organizations, the Fort Wayne Central Improvement Foundation, Inc. and Community Partnerships, Inc. All significant inter-organization transactions and balances have been eliminated in combination.

Fort Wayne Central Improvement Foundation, Inc.

The Fort Wayne Central Improvement Foundation, Inc. (FWCIF), a supporting organization, was reorganized in 1995. It was reorganized to receive and manage real estate donations for future benefit of the Community Foundation of Greater Fort Wayne Inc. FWCIF had net assets at December 31, 2008 and 2007 of \$1,471,710 and \$2,058,257, respectively.

Community Partnerships, Inc.

In 1995, Community Partnerships, Inc. (CPI), a supporting organization, was incorporated for the purposes of supporting charitable community projects, which bring together a variety of funding partners. The Community Foundation of Greater Fort Wayne Inc. has the authority to appoint a majority of members of the CPI Board of Directors. CPI had net assets at December 31, 2008 and 2007 of \$24,382 and \$82,793, respectively.

The aforementioned affiliated supporting organizations were established as supporting organizations to the Community Foundation of Greater Fort Wayne Inc. as described in Section 509(a)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents, except those short-term investments managed as part of long-term investment strategies. The Foundation maintains cash accounts at a local bank. From time

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

to time during the year, the Foundation's cash accounts exceeded federally insured limits due to the transfer of funds to pay for grants awarded. As of December 31, 2008, the Foundation had no deposits that exceeded such coverage.

Investments and Investment Income

Investments are stated at fair value. The fair value for investments are based on quoted market prices where available. If quoted prices are not available, fair values are based on quoted market prices of comparable instruments.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively. These amounts are reported in the combined statements of activities and changes in net assets as realized and unrealized gain (loss) on investments.

The Foundation maintains a significant and diverse investment portfolio, without concentration of risk by type, industry, or geographic area, which is managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect account balances.

Funds Held for Agencies

The Foundation holds certain funds for other organizations as agencies and recognizes the related liability in the combined statements of financial position. Funds held for agencies were \$3,565,199 and \$5,018,156 at December 31, 2008 and 2007, respectively.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor-imposed restrictions placed upon them. In addition, the Foundation has received certain net assets for specific purposes, and these amounts are reported as temporarily or permanently restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of the Foundation pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed stipulations are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits the Foundation to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

In August 2008, the Financial Accounting Standards Board (FASB) released Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FAS 117-1), which requires certain net asset classification changes for institutional endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). Effective July 1, 2007, the Indiana General Assembly amended the Uniform Management of Institutional Funds of Colleges and Universities, (UMIFA) by adopting provisions of UPMIFA.

Based on the advice of legal counsel and review of donor documentation by management, the Board of Directors believes that the majority of the funds held by the Foundation are not institutional endowment funds under UPMIFA because the terms of the funds do not specifically restrict the ability of the Foundation to spend the whole fund.

The Foundation may hold donor restricted endowment funds where the gift instrument clearly stipulates that the Foundation is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede the Foundation's ability to spend the whole fund. FAS 117-1 requires the classification of a portion of a donor restricted endowment fund of perpetual duration to be classified as permanently restricted.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Management has evaluated FAS 117-1 and determined that it did not have a significant impact on the net asset classifications in the statements of financial position and statements of activities and changes in net assets of the Foundation.

Contributions and Contributions Receivable

Contributions, including gifts, grants, bequests, pledges, and other unconditional promises, without restrictions or stipulations are recorded as support in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use.

Conditional promises or pledges are recognized when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their fair market value.

Unconditional promises or pledges are recorded at net realizable value. The Foundation provides an allowance for uncollectible pledges which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all pledges receivable. As of December 31, 2008 and 2007, no allowance for uncollectible pledges was deemed necessary.

Land, Building, and Equipment

Land, building, and equipment are stated at cost or if donated, at fair value at the date of the donation, except for land, building, and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets at December 31, 2008. Items with a cost or value of \$500 or more for computers and software and \$1,000 or more for other capital expenditures are capitalized.

Depreciation is computed by the straight-line method over the following estimated useful lives:

Building	40 years
Equipment	3-5 years

Expenditures for normal repairs and maintenance are expensed when incurred.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Legacies, Bequests, and Beneficial Interest in Trusts

The Foundation is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

The Foundation is also the income or principal beneficiary under various term and perpetual trusts, the corpus of which are not controlled or administered by the management of the Foundation. In the absence of donor-imposed conditions, the Foundation recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

Although the Foundation has no control over the administration or investment of the funds held in these term and perpetual trusts, the present value of the estimated expected future cash flows from the trusts is recognized as an asset in the accompanying combined financial statements. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is recorded as additional contribution revenue.

Grants and Scholarships

Grants and scholarships are considered incurred and recorded as payable upon their approval by the Board of Directors and communication to designated grantees.

Fair Value of Financial Instruments

The carrying amounts reported in the Foundation's statement of financial position of the financial instruments, including cash and cash equivalents, receivables and payables approximate their fair values at December 31, 2008 primarily due to the short-term nature of these instruments. The carrying amount reported in the Foundation's statement of financial position for long-term debt at December 31, 2008 approximates its fair value based on the current interest rate environment and the terms of the instrument (see *Note 7*). See Investments, Beneficial Interest in Trusts, and Charitable Gift Annuities Payable in Notes 1, 2, 4 and 6 for further discussion of the fair value of the Foundation's other financial instruments.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

Preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts as of and for the year ended December 31, 2007 have been reclassified to conform with the presentation as of and for the year ended December 31, 2008. The reclassifications had no impact on net assets as of December 31, 2007 or the increase in net assets for the year then ended.

2. Investments

Investments consist of the following:

	December 31	
	2008	2007
Money market funds	\$ 2,851,011	\$ 4,377,764
Common stock	14,824,110	22,975,253
Mutual funds—equity securities	20,822,950	33,389,906
Mutual funds—bonds, debentures, and notes	21,129,107	26,398,204
Mutual funds—public real estate	2,514,036	3,498,792
Certificates of deposit	1,076,363	-
Other	2,399	2,398
Total investments, at fair value	\$ 63,219,976	\$ 90,642,317
Total investments, at historical cost	\$ 83,882,752	\$ 88,072,220

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

2. Investments (continued)

The composition of investment return recognized in the combined statements of activities and changes in net assets are as follows:

	Year ended December 31	
	2008	2007
Investment income (loss):		
Interest and dividends	\$ 2,706,243	\$ 3,255,773
Net realized gain (loss) on investments	(2,792,249)	6,974,107
Net unrealized loss on investments	(21,903,326)	(5,342,422)
	(21,989,332)	4,887,458
Less investment management and custodial fees	258,446	282,492
Net investment income (loss)	\$ (22,247,778)	\$ 4,604,966

3. Contributions Receivable

Contributions receivable are \$210,000 and \$305,000 at December 31, 2008 and 2007, respectively. Contributions receivable at December 31, 2008 become due to the Foundation as set forth below:

Amounts due in:	
2009	\$ 130,000
2010	80,000
	\$ 210,000

4. Beneficial Interest in Trusts

The estimated present value of the Foundation's beneficial interest in trusts are as follows:

	December 31	
	2008	2007
Perpetual trusts	\$ 2,213,370	\$ 4,432,834
Charitable lead and exemption trust	389,144	389,144
Charitable remainder annuity trust	1,080,189	1,162,277
Charitable remainder unitrust	300,918	352,713
Supplemental trust	105,918	125,113
	\$ 4,089,539	\$ 6,462,081

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

4. Beneficial Interest in Trusts (continued)

The Foundation has a beneficial interest in a unitrust, a supplemental trust, and perpetual trusts that it does not control or administer. The estimated present value of the beneficial interest in the unitrust, supplemental trust, and perpetual trusts was calculated as of December 31, 2008 and 2007, based on the age of the life beneficiaries using the following key assumptions:

Discount rate	3.4% at December 31, 2008; 5% at December 31, 2007
Mortality table	Published mortality-rate tables adopted by the Internal Revenue Service

The Foundation is also the beneficiary of a charitable lead and exemption trust and charitable remainder annuity trust that it does not control or administer. The Foundation receives periodic fixed payments over the terms of these trusts which expire in 2014 and 2018, respectively.

5. Grants and Scholarships Payable

The following summarizes the changes in grants and scholarships payable:

	Year ended December 31	
	2008	2007
Grants and scholarships payable at beginning of year	\$ 1,876,101	\$ 976,974
Unconditional grants and scholarships expensed	5,618,487	5,456,657
Less payments made	5,151,740	4,557,530
Grants and scholarships payable at end of year	<u>\$ 2,342,848</u>	<u>\$ 1,876,101</u>

Grants and scholarships payable at December 31, 2008 are scheduled to be disbursed as follows:

2009	\$ 1,256,471
2010	841,101
2011	135,276
2012	40,000
2013	20,000
Thereafter	50,000
	<u>\$ 2,342,848</u>

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

6. Charitable Gift Annuities Payable

The Foundation has entered into various charitable gift annuities in which the donor contributes assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetime and/or, for joint annuitants, the lifetime of the donor's spouse, whichever is longer. The fair value of the assets contributed over the present value of the liability for future payments has been recognized as a contribution at the date of the gift. The contributed assets are comprised of various equity and fixed income investments, which are included in the Foundation's investments. The fair value of these investments and corresponding liabilities (including payments currently due and the present value of the estimated future actuarial liability to annuitants) of the charitable gift annuities are as follows:

	December 31	
	2008	2007
Investments	\$ 382,334	\$ 650,036
Current portion of annuities payable	\$ 37,743	\$ 47,725
Annuities payable, less current portion	226,694	280,103
	\$ 264,437	\$ 327,828

The liability for the charitable gift annuities was calculated as of December 31, 2008 and 2007, based on the age of the donor(s) using the following key assumptions:

Range of annuity rates	6.1% - 10.2%
Range of discount rates	3.8% - 6.2%
Mortality tables	Published mortality-rate tables adopted by the Internal Revenue Service

7. Debt Arrangements

Pursuant to a revolving line of credit arrangement with a bank, the Foundation could borrow up to \$700,000 subject to certain terms and conditions. This line of credit arrangement bore interest at 6.75%, which was payable monthly, and was secured by real estate. Borrowings pursuant to the line of credit arrangement were \$404,927 at December 31, 2007. The Foundation borrowed an additional \$295,073 pursuant to the line of credit arrangement in 2008.

Community Foundation of Greater Fort Wayne Inc.
and Affiliated Supporting Organizations

Notes to Combined Financial Statements (continued)

7. Debt Arrangements (continued)

On September 29, 2008 pursuant to a prearranged commitment with the bank, the line of credit arrangement borrowings of \$700,000 converted to a mortgage note payable in monthly installments of \$5,374 beginning on November 10, 2008 for a period of 20 years. The rate of interest of 6.75% will remain fixed through October 10, 2012. At that time and for every five years thereafter, the rate of interest will change to equal the corresponding constant Maturity Treasury Index plus 2.5%. The mortgage note is secured by land and a building.

Maturities on the mortgage note payable as of December 31, 2008 are as follows:

2009	\$ 17,209
2010	18,424
2011	19,725
2012	20,992
2013	22,601
Thereafter	599,750
	<u>\$ 698,701</u>

Interest expense and interest paid was \$38,549 in 2008 and \$4,601 in 2007.

8. Net Assets

Temporarily restricted net assets are to be used for the following purposes:

	December 31	
	2008	2007
Community Alliances to Promote Education Fund	\$ 23,920	\$ 79,839
The Building Fund	-	985,377
Foellinger Organizational Effectiveness Fund	-	24,646
Strategic Resource Development Fund	-	66,632
	<u>\$ 23,920</u>	<u>\$ 1,156,494</u>

Community Alliances to Promote Education Fund—In 2005, the Foundation was awarded an \$800,000 grant from Lilly Endowment, Inc., a private foundation. The purpose of the grant is to sustain an early childhood literacy program.

Community Foundation of Greater Fort Wayne Inc.
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Notes to Combined Financial Statements (continued)

8. Net Assets (continued)

The Building Fund—The Foundation received contributions of \$423,400 and \$1,000,000 in 2007 and 2006, respectively, from Don and Kathy Steininger, \$280,000 in 2006 from the Foellinger Foundation, and \$124,899 and \$47,500 in 2008 and 2007, respectively, from other individuals to provide support to construct and maintain an office building to be used by the Foundation.

Foellinger Organizational Effectiveness Fund—The Foundation was awarded a grant of \$27,796 in 2007 from Foellinger Foundation, a private foundation to provide support for the design and implementation of an organizational effectiveness project.

Strategic Resource Development Fund—In 2005, the Foundation was awarded grants of \$250,000 and \$150,000, from Lilly Endowment, Inc., and Foellinger Foundation, respectively, each a private foundation. The purpose of the grants was to provide support for the Foundation's resource development.

Temporarily restricted net assets released from donor restrictions as a result of incurring expenses or costs to satisfy the restricted purpose or by occurrence of other events or time restrictions specified by donors were as follows:

	Year ended December 31	
	2008	2007
Purpose restrictions accomplished:		
Community Alliances to Promote Education Fund	\$ 56,134	\$ 217,079
Foellinger Organizational Effectiveness Fund	21,690	51,091
Strategic Resource Development Fund	66,633	120,069
	144,457	388,239
The Building Fund	1,066,397	763,879
	\$ 1,210,854	\$ 1,152,118

Net assets and related activity from perpetual trusts, whereby the Foundation has a beneficial interest in a stream of payments in perpetuity, are recorded as permanently restricted net assets.

Community Foundation of Greater Fort Wayne Inc.
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Notes to Combined Financial Statements (continued)

9. Employee Retirement Plan

The Foundation sponsors a Simple IRA Plan (Plan). All employees are eligible to participate in the Plan, which allows the maximum employee contribution permitted under the Internal Revenue Code. The Foundation is required to match 100% of employee contributions up to 3% of the employee's salary. Expense for the Plan was \$15,651 in 2008 and \$14,112 in 2007.

10. Facility Lease

The Foundation leased office facilities pursuant to a noncancelable operating lease which expired in 2008. Rent expense was \$43,310 in 2008 and \$53,743 in 2007.

11. Functional Classification of Expenses

Expenses incurred were for:

	Year ended December 31	
	2008	2007
Grants, scholarships, and other program services:		
Grants and scholarships, net	\$ 5,312,416	\$ 5,210,847
Other program services, including grantmaking expenses	196,896	199,164
	5,509,312	5,410,011
 Fundraising expenses	 320,340	 278,335
 Management and general expenses:		
Investment management and custodian fees	258,446	282,492
Interest expense	38,549	4,601
Federal and state unrelated business income taxes	378,586	-
Other management and general expenses	433,741	404,477
	1,109,322	691,570
	\$ 6,938,974	\$ 6,379,916

The cost of providing the program and other activities have been summarized above on a functional basis. Accordingly, certain costs have been classified based on direct expenditures and allocations among the program and supporting services benefited.

Community Foundation of Greater Fort Wayne Inc.
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Notes to Combined Financial Statements (continued)

12. Subsequent Event

On March 25, 2009, it was announced that Lilly Endowment Inc. will provide \$20 million to Community Partnerships, Inc., an affiliated supporting organization of the Foundation, to accelerate the development of northeast Indiana's workforce and talent resources. The program, entitled Talent Opportunity Success (TOpS) 2015, will develop education, training, and talent initiatives in science, technology, engineering, and mathematics. TOpS 2015 will better prepare the region's workforce to capture the high-quality job opportunities available in the near term and those of the future.

Components of TOpS 2015 include support for the following critical initiatives:

- Retraining at least 1,200 adult workers in northeast Indiana over the next three years;
- Enhancement of the Advanced Manufacturing program at Ivy Tech – Northeast;
- Expansion of the systems engineering and wireless technology programs at Indiana University-Purdue University at Fort Wayne (IPFW);
- Creation of New Tech High Schools within school corporations in northeast Indiana, with an emphasis on science, technology, engineering, and mathematics (STEM) courses.