

Combined Financial Statements

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

*Years ended December 31, 2010 and 2009
with Report of Independent Auditors*

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

Combined Financial Statements

Years ended December 31, 2010 and 2009

Contents

Report of Independent Auditors.....	1
Combined Financial Statements	
Combined Statements of Financial Position.....	2
Combined Statements of Activities and Changes in Net Assets.....	3
Combined Statements of Cash Flows	4
Notes to Combined Financial Statements	5



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, 2010 and 2009, 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 of America. 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, 2010 and 2009 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 of America.

Haines, Isenbarger & Skiba, LLC

April 13, 2011

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

Combined Statements of Financial Position

	December 31	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 423,889	\$ 89,517
Investments, at fair value	91,574,358	89,334,931
Contributions receivable	23,000	101,000
Accrued investment income and other	7,813	11,738
Total current assets	92,029,060	89,537,186
Land, building, and equipment:		
Land	280,000	280,000
Building	1,827,113	1,827,113
Equipment	123,628	117,434
	2,230,741	2,224,547
Less accumulated depreciation	171,048	99,623
	2,059,693	2,124,924
Other assets:		
Cash value of life insurance policies	1,203,161	1,190,543
Beneficial interest in trusts	5,296,051	7,036,412
Long-term contributions receivable	-	20,000
Real estate and other assets	295,754	295,754
	6,794,966	8,542,709
Total assets	\$100,883,719	\$ 100,204,819
Liabilities and net assets		
Current liabilities:		
Current portion of grants and scholarships payable	\$ 2,043,336	\$ 3,119,500
Current portion of annuities payable	32,426	39,037
Current portion of long-term debt	21,619	20,372
Accounts payable and accrued expenses	26,404	27,658
Funds held for agencies	4,952,947	4,400,882
Total current liabilities	7,076,732	7,607,449
Grants and scholarships payable, less current portion	285,940	826,827
Annuities payable, less current portion	175,549	217,906
Long-term debt, less current portion	638,504	660,123
Total liabilities	8,176,725	9,312,305
Net assets:		
Unrestricted	81,673,318	74,051,042
Temporarily restricted	7,491,092	12,399,841
Permanently restricted	3,542,584	4,441,631
Total net assets	92,706,994	90,892,514
Total liabilities and net assets	\$100,883,719	\$ 100,204,819

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							
	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenues, and gains (losses)								
Contributions	\$ 2,702,083	\$ -	\$ -	\$ 2,702,083	\$ 3,200,891	\$20,000,000	\$ -	\$ 23,200,891
Less contributions received for agencies	105,218	-	-	105,218	107,590	-	-	107,590
Less interfund contributions	94,765	-	-	94,765	87,698	-	-	87,698
Net contributions	<u>2,502,100</u>	-	-	<u>2,502,100</u>	3,005,603	20,000,000	-	23,005,603
Interest and dividends	2,660,108	144,289	-	2,804,397	2,309,067	100,027	-	2,409,094
Realized and unrealized gain (loss) on investments, net	6,861,833	(55,604)	-	6,806,229	11,178,629	(44,352)	-	11,134,277
Gain (loss) on beneficial interest in trusts and change in value of real estate interests and annuities	160,305	-	(899,047)	(738,742)	107,209	-	2,228,027	2,335,236
Other	74,812	-	-	74,812	69,448	35	-	69,483
Total support, revenues, and gains (losses) before net assets released from restrictions	<u>12,259,158</u>	<u>88,685</u>	<u>(899,047)</u>	<u>11,448,796</u>	16,669,956	20,055,710	2,228,027	38,953,693
Net assets released from restrictions for operations	4,997,434	(4,997,434)	-	-	7,679,789	(7,679,789)	-	-
Total support, revenues, and gains (losses)	<u>17,256,592</u>	<u>(4,908,749)</u>	<u>(899,047)</u>	<u>11,448,796</u>	24,349,745	12,375,921	2,228,027	38,953,693
Expenses								
Grants and scholarships:								
Arts and culture	438,191	-	-	438,191	239,785	-	-	239,785
Community development	3,111,112	-	-	3,111,112	2,220,533	-	-	2,220,533
Education	3,113,285	-	-	3,113,285	7,106,686	-	-	7,106,686
Health and human services	1,726,733	-	-	1,726,733	1,608,156	-	-	1,608,156
Other charitable purpose	400,431	-	-	400,431	218,615	-	-	218,615
	<u>8,789,752</u>	-	-	<u>8,789,752</u>	11,393,775	-	-	11,393,775
Less grants made from agencies	148,630	-	-	148,630	111,090	-	-	111,090
Less interfund grants and scholarships	94,765	-	-	94,765	87,698	-	-	87,698
Net grants and scholarships	<u>8,546,357</u>	-	-	<u>8,546,357</u>	11,194,987	-	-	11,194,987
Fees and expenses								
Operating expenses	873,232	-	-	873,232	841,768	-	-	841,768
Investment management and custodian fees	174,010	-	-	174,010	189,295	-	-	189,295
Interest expense	39,982	-	-	39,982	44,215	-	-	44,215
Other expenses	735	-	-	735	2,555	-	-	2,555
Total fees and expenses	<u>1,087,959</u>	-	-	<u>1,087,959</u>	1,077,833	-	-	1,077,833
Total expenses	<u>9,634,316</u>	-	-	<u>9,634,316</u>	12,272,820	-	-	12,272,820
Increase (decrease) in net assets before other changes	7,622,276	(4,908,749)	(899,047)	1,814,480	12,076,925	12,375,921	2,228,027	26,680,873
Transfer	-	-	-	-	13,915	-	(13,915)	-
Increase (decrease) in net assets	<u>7,622,276</u>	<u>(4,908,749)</u>	<u>(899,047)</u>	<u>1,814,480</u>	12,090,840	12,375,921	2,214,112	26,680,873
Net assets at beginning of year	74,051,042	12,399,841	4,441,631	90,892,514	61,960,202	23,920	2,227,519	64,211,641
Net assets at end of year	<u>\$ 81,673,318</u>	<u>\$ 7,491,092</u>	<u>\$ 3,542,584</u>	<u>\$ 92,706,994</u>	<u>\$ 74,051,042</u>	<u>\$ 12,399,841</u>	<u>\$ 4,441,631</u>	<u>\$ 90,892,514</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	
	2010	2009
Operating activities		
Increase in net assets	\$ 1,814,480	\$ 26,680,873
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments, net	(6,806,229)	(11,134,277)
Noncash gifts received	(369,648)	(896,359)
Depreciation	71,425	70,863
Loss (gain) on beneficial interest in trusts and change in value of real estate interests and annuities	738,742	(2,335,236)
Changes in operating assets and liabilities:		
Contributions receivable	98,000	89,000
Beneficial interest in trusts	1,001,619	138,363
Accrued investment income and other	3,925	11,424
Grants and scholarships payable	(1,617,051)	1,603,479
Annuities payable	(48,968)	(7,494)
Accounts payable and accrued expenses	(1,254)	(295,428)
Funds held for agencies	552,065	835,683
Net cash provided by (used in) operating activities	(4,562,894)	14,760,891
Investing activities		
Purchases of investments	(34,184,673)	(46,115,091)
Proceeds from sale and maturities of investments	39,121,123	31,280,772
Purchases of equipment	(6,194)	-
Increase in cash value of life insurance	(12,618)	(15,303)
Net cash provided by (used in) investing activities	4,917,638	(14,849,622)
Financing activities		
Payments on mortgage note payable	(20,372)	(18,206)
Increase (decrease) in cash and cash equivalents	334,372	(106,937)
Cash and cash equivalents at beginning of year	89,517	196,454
Cash and cash equivalents at end of year	\$ 423,889	\$ 89,517

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, 2010

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 serve as a community leader to improve the quality of life by building permanent endowments, promoting effective grantmaking, stimulating community dialogue, fostering philanthropy, and helping donors achieve their charitable goals.”

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.

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, 2010 and 2009 of \$1,505,473 and \$1,580,743, 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)

Principles of Combination (continued)

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, 2010 and 2009 of \$7,491,582 and \$12,400,318, 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 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, 2010, the Foundation had no accounts that exceeded such coverage.

Investments and Investment Income

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 3* for discussion of fair value measurements.

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.

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)

Investments and Investment Income (continued)

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 \$4,952,947 and \$4,400,882 at December 31, 2010 and 2009, respectively.

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

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)

Enhanced Disclosures for All Endowment Funds (FAS 117-1) now included in FASB Accounting Standards Codification (ASC) Topic 958 (ASC 958). FAS 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the 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. FAS 117-1 also improved disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Based on the advice of legal counsel and review of the by-laws of the Foundation and 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. ASC 958 requires the classification of a portion of a donor restricted endowment fund of perpetual duration to be classified as permanently restricted.

Management continues to evaluate ASC 958 and has determined that it does 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.

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)

Contributions and Contributions Receivable (continued)

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, 2010 and 2009, 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, 2010. 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.

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.

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 (continued)

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, 2010 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, 2010 approximates its fair value based on the current interest rate environment and the terms of the instrument (see *Note 8*). See Investments, Beneficial Interest in Trusts, and Charitable Gift Annuities Payable in *Notes 1, 2, 3, 4, 5 and 7* for further discussion of the fair value of the Foundation's other financial instruments.

Use of Estimates

Preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

Notes to Combined Financial Statements (continued)

2. Investments

Investments consist of the following:

	December 31	
	2010	2009
Money market funds	\$ 8,877,956	\$ 8,277,500
Common stocks:		
Large-cap stocks	7,490,565	6,800,796
Small-cap stocks	2,606,918	2,191,314
Total common stocks	10,097,483	8,992,110
Mutual funds:		
International funds	12,172,588	11,522,040
Large-cap funds	12,184,434	11,985,585
Capital appreciation/growth funds	8,391,446	7,199,725
Small-cap funds	6,200,960	2,942,878
Mid-cap funds	4,334,770	3,686,865
Bonds/fixed income funds	21,246,293	21,055,498
Natural resource funds	1,987,746	-
Real estate funds	2,121,910	3,480,775
Total mutual funds	68,640,147	61,873,366
Certificates of deposit	3,050,828	6,662,285
United States Treasury and government agency securities	907,944	3,529,670
Total investments, at fair value	\$ 91,574,358	\$ 89,334,931
Total investments, at historical cost	\$ 89,002,439	\$ 96,031,943

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

	Year ended December 31	
	2010	2009
Investment income:		
Interest and dividends	\$ 2,804,397	\$ 2,409,094
Net realized loss on investments	(1,885,334)	(1,977,823)
Net unrealized gain on investments	8,691,563	13,112,100
	9,610,626	13,543,371
Less investment management and custodial fees	174,010	189,295
Net investment income	\$ 9,436,616	\$ 13,354,076

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

Notes to Combined Financial Statements (continued)

3. Fair Value Measurements

ASC 820 (formerly Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Money market funds: The money market funds are valued at quoted market prices in an exchange and active market, which represent the net asset values of shares held by the Foundation at year end.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

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

Notes to Combined Financial Statements (continued)

3. Fair Value Measurements (continued)

Mutual funds: Valued at the net asset value (NAV) of shares held by the Foundation at year-end.

Certificates of Deposit: Recorded at cost plus accrued interest (carrying value), which approximates fair value.

United States Treasury and government agency securities: Certain United States Treasury and government agency securities are valued at the closing price reported in the active market in which the obligation or bond is traded. Other United States Treasury and government agency securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar obligations or bonds, the obligation or bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Cash value of life insurance policies: Valued at the redemption value as determined by the insurance carrier at year-end.

Beneficial interest in trusts: The Foundation's proportional interest in the trust assets is valued at the fair market value of the underlying investments as reported by the investment manager at year-end.

Real estate and other assets: Quoted market prices are not available for certain investments, including limited partnership investments and real property. These investments are recorded at their estimated fair market value; therefore, the reported value may differ from the value that would have been used had a quoted market price existed. The Foundation believes that the reported amounts for these investments are a reasonable estimate of their fair value at December 31, 2010 and 2009.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Notes to Combined Financial Statements (continued)

3. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 8,877,956	\$ -	\$ -	\$ 8,877,956
Common stocks:				
Large-cap stocks	7,490,565	-	-	7,490,565
Small-cap stocks	2,606,918	-	-	2,606,917
Total common stocks	10,097,483	-	-	10,097,483
Mutual funds:				
International funds	12,172,588	-	-	12,172,588
Large-cap funds	12,184,434	-	-	12,184,434
Capital appreciation/ growth funds	8,391,446	-	-	8,391,446
Small-cap funds	6,200,960	-	-	6,200,960
Mid-cap funds	4,334,770	-	-	4,334,770
Bonds/fixed income funds	21,246,293	-	-	21,246,293
Natural resource funds	1,987,746	-	-	1,987,746
Real estate funds	-	2,121,910	-	2,121,910
Total mutual funds	66,518,237	2,121,910	-	68,640,147
Certificates of deposit	-	3,050,828	-	3,050,828
United States Treasury and government agency securities	-	907,944	-	907,944
Total investments at fair value	85,493,676	6,080,682	-	91,574,358
Cash value of life insurance policies	-	1,203,161	-	1,203,161
Beneficial interest in trusts	-	2,413,205	2,882,846	5,296,051
Real estate and other assets	-	-	295,754	295,754
Total other assets at fair value	-	3,616,366	3,178,600	6,794,966
Assets at fair value	\$85,493,676	\$ 9,697,048	\$ 3,178,600	\$98,369,324

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

Notes to Combined Financial Statements (continued)

3. Fair Value Measurements (continued)

	Assets at Fair Value at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 8,277,500	\$ -	\$ -	\$ 8,277,500
Common stocks:				
Large-cap stocks	6,800,796	-	-	6,800,796
Small-cap stocks	2,191,314	-	-	2,191,314
Total common stocks:	8,992,110	-	-	8,992,110
Mutual funds:				
International funds	11,522,040	-	-	11,522,040
Large-cap funds	11,985,585	-	-	11,985,585
Capital appreciation/ growth funds	7,199,725	-	-	7,199,725
Small-cap funds	2,942,878	-	-	2,942,878
Mid-cap funds	3,686,865	-	-	3,686,865
Bonds/fixed income funds	21,055,498	-	-	21,055,498
Real estate funds	-	3,480,775	-	3,480,775
Total mutual funds	58,392,591	3,480,775	-	61,873,366
Certificates of deposit	-	6,662,285	-	6,662,285
United States Treasury and government agency securities	-	3,529,670	-	3,529,670
Total investments at fair value	75,662,201	13,672,730	-	89,334,931
Cash value of life insurance policies	-	1,190,543	-	1,190,543
Beneficial interest in trusts	-	3,290,558	3,745,854	7,036,412
Real estate and other assets	-	-	295,754	295,754
Total other assets at fair value	-	4,481,101	4,041,608	8,522,709
Assets at fair value	<u>\$75,662,201</u>	<u>\$18,153,831</u>	<u>\$ 4,041,608</u>	<u>\$97,857,640</u>

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

Notes to Combined Financial Statements (continued)

3. Fair Value Measurements (continued)

For the year ended December 31, 2010, the change in assets classified as Level 3 is as follows:

	Beneficial Interest in Trusts	Real Estate and Other Assets	Total
Balance at beginning of year	\$ 3,745,854	\$ 295,754	\$ 4,041,608
Losses relating to assets held at the reporting date	(863,008)	-	(863,008)
Balance at end of year	<u>\$ 2,882,846</u>	<u>\$ 295,754</u>	<u>\$ 3,178,600</u>

4. Contributions Receivable

Contributions receivable are as follows:

	December 31	
	2010	2009
Current portion of contributions receivable	\$ 23,000	\$ 101,000
Long term contributions receivable	-	20,000
	<u>\$ 23,000</u>	<u>\$ 121,000</u>

5. Beneficial Interest in Trusts

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

	December 31	
	2010	2009
Perpetual trusts	\$ 3,542,584	\$ 4,441,631
Charitable lead and exemption trust	212,243	332,615
Charitable remainder annuity trust	900,594	993,065
Charitable remainder unitrust	472,979	382,917
Supplemental and other trusts	167,651	886,184
	<u>\$ 5,296,051</u>	<u>\$ 7,036,412</u>

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

Notes to Combined Financial Statements (continued)

5. 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, 2010 and 2009, based on the age of the life beneficiaries using the following key assumptions:

Discount rate	1.8% at December 31, 2010; 3.2% at December 31, 2009
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.

6. Grants and Scholarships Payable

The following summarizes the changes in grants and scholarships payable:

	Year ended December 31	
	2010	2009
Grants and scholarships payable at beginning of year	\$ 3,946,327	\$ 2,342,848
Unconditional grants and scholarships expensed	8,789,752	11,393,775
Less payments made	10,406,803	9,790,296
Grants and scholarships payable at end of year	<u>\$ 2,329,276</u>	<u>\$ 3,946,327</u>

Grants and scholarships payable at December 31, 2010 are scheduled to be disbursed as follows:

2011	\$ 2,043,336
2012	155,527
2013	77,413
2014	23,000
2015	15,000
Thereafter	15,000
	<u>\$ 2,329,276</u>

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

Notes to Combined Financial Statements (continued)

7. 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	
	2010	2009
Investments	\$ 362,074	\$ 439,832
Current portion of annuities payable	\$ 32,426	\$ 39,037
Annuities payable, less current portion	175,549	217,906
	\$ 207,975	\$ 256,943

The liability for the charitable gift annuities was calculated as of December 31, 2010 and 2009, based on the age of the donor(s) using the following key assumptions:

Range of annuity rates	6.1% - 10.5%
Range of discount rates	3.6% - 6.2%
Mortality tables	Published mortality-rate tables adopted by the Internal Revenue Service

8. Debt Arrangements

On September 29, 2008 pursuant to a prearranged commitment with a bank, line of credit arrangement borrowings of \$700,000 were converted to a mortgage note payable with monthly installments of \$5,374, including interest at 6.75%, beginning on November 10, 2008 for a period of 20 years. Pursuant to a debt modification agreement dated June 10, 2009, the Foundation began making monthly principal and interest installments of \$5,029 on July 7, 2009

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

Notes to Combined Financial Statements (continued)

8. Debt Arrangements (continued)

for a period of three years with a final payment of \$632,283 due on June 10, 2012. The mortgage note payable bears interest at a fixed rate of 5.875% and is secured by land and a building.

Maturities on the mortgage note payable as of December 31, 2010 are as follows:

2011	\$ 21,619
2012	<u>638,504</u>
	<u>\$ 660,123</u>

Interest expense and interest paid was \$39,982 in 2010 and \$44,215 in 2009.

9. Net Assets

Temporarily restricted net assets of \$7,491,092 and \$12,399,841 at December 31, 2010 and 2009, respectively, are to be used for the Talent Opportunity Success (TOpS) 2015 Fund.

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	
	2010	2009
Purpose restrictions accomplished:		
Talent Opportunity Success (TOpS) 2015 Fund	\$ 4,997,434	\$ 7,655,869
Community Alliances to Promote Education Fund	-	23,920
	<u>\$ 4,997,434</u>	<u>\$ 7,679,789</u>

Talent Opportunity Success (TOpS) 2015 Fund—In 2009, CPI received \$20 million from Lilly Endowment Inc. to accelerate the development of northeast Indiana’s workforce and talent resources. The program, entitled Talent Opportunity Success (TOpS) 2015, develops education, training, and talent initiatives in science, technology, engineering, and mathematics. TOpS 2015 better prepares the region’s workforce to capture the high-quality job opportunities available in the near term and those of the future.

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

Notes to Combined Financial Statements (continued)

9. Net Assets (continued)

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.

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

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.

10. 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 \$12,943 in 2010 and \$9,185 in 2009.

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

Notes to Combined Financial Statements (continued)

11. Functional Classification of Expenses

Expenses incurred were for:

	Year ended December 31	
	2010	2009
Grants, scholarships, and other program services:		
Grants and scholarships, net	\$ 8,546,357	\$11,194,987
Other program services, including grantmaking expenses	204,625	172,210
	8,750,982	11,367,197
Fundraising expenses	154,488	250,585
Management and general expenses:		
Investment management and custodian fees	174,010	189,295
Interest expense	39,982	44,215
Other management and general expenses	514,854	421,528
	728,846	655,038
	\$ 9,634,316	\$12,272,820

The cost of providing the program and other activities has 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.

12. Subsequent Events

Management has evaluated subsequent events through April 13, 2011, the date on which the financial statements were available to be issued.