

Combined Financial Statements

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

*Years ended December 31, 2021 and 2020
with Independent Auditor's Report*

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

Combined Financial Statements

Years ended December 31, 2021 and 2020

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Independent Auditor's Report

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

Opinion

We have audited the accompanying combined financial statements of Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, combined functional expenses, and combined cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Greater Fort Wayne Inc. and Affiliated Supporting Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Haines, Lumbarger & Skiba, LLC

Fort Wayne, Indiana
March 29, 2022

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

Combined Statements of Financial Position

	December 31	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,509,472	\$ 1,398,553
Investments, at fair value	209,400,478	172,995,193
Contributions receivable	3,449,030	88,080
Other current assets	29,549	27,244
Total current assets	214,388,529	174,509,070
Land, building, and equipment:		
Land	280,000	280,000
Building	1,827,113	1,827,113
Equipment	319,026	295,805
	2,426,139	2,402,918
Less accumulated depreciation	858,157	796,173
	1,567,982	1,606,745
Other assets:		
Cash value of life insurance policies	1,355,222	1,253,573
Beneficial interest in trusts	3,840,067	3,900,832
Program related investments, net	829,259	2,055,507
Long-term contributions receivable	62,600	25,360
Real estate and other assets	130,754	130,754
	6,217,902	7,366,026
Total assets	\$ 222,174,413	\$ 183,481,841
 Liabilities and net assets		
Current liabilities:		
Current portion of grants and scholarships payable	\$ 302,800	\$ 363,649
Current portion of annuities payable	105,006	108,286
Accounts payable and accrued expenses	101,113	65,983
Funds held for agencies	10,370,110	8,532,922
Total current liabilities	10,879,029	9,070,840
Grants and scholarships payable, less current portion	236,972	217,373
Annuities payable, less current portion	681,413	727,196
Total liabilities	11,797,414	10,015,409
Net assets:		
Without donor restrictions:		
Designated for donor-advised grants	87,141,469	73,112,639
Designated for discretionary grants	62,712,587	54,686,321
Designated for other grants	48,996,530	37,613,304
Undesignated—available for operations and capital expenditures	7,686,346	4,153,336
Total without donor restrictions	206,536,932	169,565,600
With donor restrictions—perpetual trusts	3,840,067	3,900,832
Total net assets	210,376,999	173,466,432
Total liabilities and net assets	\$ 222,174,413	\$ 183,481,841

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					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains (losses)						
Contributions	\$ 15,996,333	\$ -	\$ 15,996,333	\$ 9,808,355	\$ -	\$ 9,808,355
Less contributions received for agency funds	130,955	-	130,955	89,005	-	89,005
Less interfund contributions	936,888	-	936,888	1,352,776	-	1,352,776
Net contributions	<u>14,928,490</u>	-	<u>14,928,490</u>	8,366,574	-	8,366,574
Net investment return	31,741,612	-	31,741,612	14,235,271	-	14,235,271
Gain (loss) on beneficial interest in trusts and change in value of other items, net	34,096	(60,765)	(26,669)	(39,819)	658,384	618,565
Other	(19,247)	-	(19,247)	(217,082)	-	(217,082)
Total support, revenues, and gains (losses)	<u>46,684,951</u>	<u>(60,765)</u>	<u>46,624,186</u>	22,344,944	658,384	23,003,328
Expenses						
Grants and scholarships awarded	9,029,043	-	9,029,043	9,228,823	-	9,228,823
Less grants made from agency funds	152,193	-	152,193	224,581	-	224,581
Less interfund grants and scholarships	936,888	-	936,888	1,352,776	-	1,352,776
Net grants and scholarships awarded	<u>7,939,962</u>	-	<u>7,939,962</u>	7,651,466	-	7,651,466
Program services expense:						
Grantmaking	128,058	-	128,058	163,444	-	163,444
Manage charitable funds	51,407	-	51,407	40,397	-	40,397
Community leadership	340,601	-	340,601	208,977	-	208,977
Total program services expenses	<u>520,066</u>	-	<u>520,066</u>	412,818	-	412,818
Supporting services expense:						
Development and communications	368,211	-	368,211	282,502	-	282,502
Finance and administration	885,380	-	885,380	788,040	-	788,040
Total supporting services expenses	<u>1,253,591</u>	-	<u>1,253,591</u>	1,070,542	-	1,070,542
Total expenses	<u>9,713,619</u>	-	<u>9,713,619</u>	9,134,826	-	9,134,826
Increase (decrease) in net assets	<u>36,971,332</u>	<u>(60,765)</u>	<u>36,910,567</u>	13,210,118	658,384	13,868,502
Net assets at beginning of year	169,565,600	3,900,832	173,466,432	156,355,482	3,242,448	159,597,930
Net assets at end of year	<u>\$ 206,536,932</u>	<u>\$ 3,840,067</u>	<u>\$ 210,376,999</u>	<u>\$ 169,565,600</u>	<u>\$ 3,900,832</u>	<u>\$ 173,466,432</u>

See accompanying notes to combined financial statements.

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

Combined Statement of Functional Expenses

Year ended December 31, 2021

	Grants Awarded	Program Expenses			Supporting Services			Total Expenses	
		Manage Grantmaking	Charitable Funds	Community Leadership	Total	Development and Communications	Finance and Administration		Total
Grants and scholarships awarded:									
Arts and culture	\$ 787,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 787,752	
Community development	1,291,488	-	-	-	-	-	-	1,291,488	
Education	2,124,536	-	-	-	-	-	-	2,124,536	
Health and human services	3,827,768	-	-	-	-	-	-	3,827,768	
Other charitable purpose	997,499	-	-	-	-	-	-	997,499	
	<u>9,029,043</u>	-	-	-	-	-	-	<u>9,029,043</u>	
Less grants made from agency funds	152,193	-	-	-	-	-	-	152,193	
Less interfund grants and scholarships	936,888	-	-	-	-	-	-	936,888	
Net grants and scholarships awarded	<u>7,939,962</u>	-	-	-	-	-	-	<u>7,939,962</u>	
Salaries and benefits	-	102,964	41,333	194,734	339,031	247,131	662,047	909,178	1,248,209
Accounting and legal fees	-	3,021	1,213	5,713	9,947	7,250	19,423	26,673	36,620
Training, conferences, and travel	-	4,556	1,829	8,617	15,002	10,935	29,294	40,229	55,231
Community engagement	-	-	-	98,408	98,408	-	-	-	98,408
Printing and publications, including marketing and fundraising	-	-	-	-	-	60,851	-	60,851	60,851
Office supplies	-	132	53	249	434	316	848	1,164	1,598
Postage	-	349	140	659	1,148	837	2,241	3,078	4,226
Occupancy	-	5,681	2,280	10,744	18,705	13,635	36,526	50,161	68,866
Telephone	-	426	171	807	1,404	1,024	2,742	3,766	5,170
Depreciation expense	-	-	-	-	-	-	61,985	61,985	61,985
Office equipment and maintenance	-	8,113	3,257	15,345	26,715	19,474	52,169	71,643	98,358
Insurance—other	-	1,353	543	2,558	4,454	3,246	8,696	11,942	16,396
Dues and subscriptions	-	597	240	1,129	1,966	1,433	3,840	5,273	7,239
Other expenses	-	866	348	1,638	2,852	2,079	5,569	7,648	10,500
Total expenses	<u>\$ 7,939,962</u>	<u>\$ 128,058</u>	<u>\$ 51,407</u>	<u>\$ 340,601</u>	<u>\$ 520,066</u>	<u>\$ 368,211</u>	<u>\$ 885,380</u>	<u>\$ 1,253,591</u>	<u>\$ 9,713,619</u>

See accompanying notes to combined financial statements.

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

Combined Statement of Functional Expenses

Year ended December 31, 2020

	Grants Awarded	Program Expenses				Supporting Services			Total Expenses
		Grantmaking	Manage Charitable Funds	Community Leadership	Total	Development and Communications	Finance and Administration	Total	
Grants and scholarships awarded:									
Arts and culture	\$ 1,004,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,004,613
Community development	1,069,809	-	-	-	-	-	-	-	1,069,809
Education	1,502,165	-	-	-	-	-	-	-	1,502,165
Health and human services	4,860,009	-	-	-	-	-	-	-	4,860,009
Other charitable purpose	792,227	-	-	-	-	-	-	-	792,227
	<u>9,228,823</u>	-	-	-	-	-	-	-	<u>9,228,823</u>
Less grants made from agency funds	224,581	-	-	-	-	-	-	-	224,581
Less interfund grants and scholarships	1,352,776	-	-	-	-	-	-	-	1,352,776
Net grants and scholarships awarded	<u>7,651,466</u>	-	-	-	-	-	-	-	<u>7,651,466</u>
Salaries and benefits	-	128,564	31,776	163,864	324,204	189,283	574,045	763,328	1,087,532
Accounting and legal fees	-	4,176	1,032	5,323	10,531	6,148	18,646	24,794	35,325
Training, conferences, and travel	-	5,756	1,423	7,336	14,515	8,474	25,700	34,174	48,689
Community engagement	-	-	-	656	656	-	-	-	656
Printing and publications, including marketing and fundraising	-	-	-	-	-	41,866	-	41,866	41,866
Office supplies	-	182	45	232	459	269	814	1,083	1,542
Postage	-	612	151	780	1,543	901	2,732	3,633	5,176
Occupancy	-	8,475	2,095	10,802	21,372	12,477	37,840	50,317	71,689
Telephone	-	1,082	268	1,380	2,730	1,594	4,833	6,427	9,157
Depreciation expense	-	-	-	-	-	-	58,256	58,256	58,256
Office equipment and maintenance	-	10,258	2,535	13,075	25,868	15,103	45,805	60,908	86,776
Insurance—other	-	2,696	666	3,435	6,797	3,969	12,036	16,005	22,802
Dues and subscriptions	-	493	122	628	1,243	725	2,198	2,923	4,166
Other expenses	-	1,150	284	1,466	2,900	1,693	5,135	6,828	9,728
Total expenses	<u>\$ 7,651,466</u>	<u>\$ 163,444</u>	<u>\$ 40,397</u>	<u>\$ 208,977</u>	<u>\$ 412,818</u>	<u>\$ 282,502</u>	<u>\$ 788,040</u>	<u>\$ 1,070,542</u>	<u>\$ 9,134,826</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	
	2021	2020
Operating activities		
Increase in net assets	\$ 36,910,567	\$ 13,868,502
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(26,849,460)	(11,512,451)
Noncash gifts received	(3,382,740)	(1,603,733)
Depreciation expense	61,985	58,256
Accretion of present value discount on program related investments	(25,244)	(25,244)
(Gain) loss on beneficial interest in trusts and change in value of other items, net	(40,884)	78,312
Changes in operating assets and liabilities:		
Contributions receivable	(3,398,190)	42,040
Other current assets	(2,305)	(11,176)
Program related investments	1,251,492	(583,129)
Grants and scholarships payable	(41,250)	(27,728)
Annuities payable	(49,063)	(41,142)
Accounts payable and accrued expenses	35,130	18,923
Funds held for agencies	1,837,188	661,602
Net cash provided by operating activities	6,307,226	923,032
Investing activities		
Proceeds from sale and maturities of investments	13,061,208	13,302,414
Purchases of investments	(19,234,293)	(13,015,275)
Acquisitions of equipment	(23,222)	(16,292)
Net cash provided by (used in) investing activities	(6,196,307)	270,847
Increase in cash and cash equivalents	110,919	1,193,879
Cash and cash equivalents at beginning of year	1,398,553	204,674
Cash and cash equivalents at end of year	\$ 1,509,472	\$ 1,398,553

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, 2021

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, fostering philanthropy, stimulating community dialogue, 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 charitable contribution deduction. 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., Community Partnerships, Inc., and Summit Initiatives Foundation, Inc. All significant interorganization 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 the future benefit of the Community Foundation of Greater Fort Wayne Inc. The Community Foundation of Greater Fort Wayne Inc. has the authority to appoint a majority of members to the FWCIF Board of Directors. FWCIF had net assets at December 31, 2021 and 2020 of \$1,498,130 and \$1,543,807, 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, 2021 and 2020 of \$532.

Summit Initiatives Foundation, Inc.

In 2011, Summit Initiatives Foundation, Inc. (SIF), a supporting organization, was incorporated to support charitable economic development efforts in the greater Fort Wayne area. The Community Foundation of Greater Fort Wayne Inc. has the authority to appoint a majority of members of the SIF Board of Directors. SIF had net assets consisting of cash at December 31, 2021 and 2020 of \$1,043.

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.

The Community Foundation of Greater Fort Wayne Inc. and its Affiliated Supporting Organizations are exempt from income taxes under Section 501(c)(3) and Section 509(a)(3), respectively, of the Internal Revenue Code and similar provisions of state law. However, the Community Foundation of Greater Fort Wayne Inc. and its Affiliated Supporting Organizations are subject to federal income tax on any unrelated business taxable income. The Community Foundation of Greater Fort Wayne Inc. and its Affiliated Supporting Organizations provide liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions it has taken or expects to take and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the combined financial statements. Management believes the Community Foundation of Greater Fort Wayne Inc. and its Affiliated Supporting Organizations are no longer subject to examination by tax authorities for years before December 31, 2018.

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

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.

Investments and Investment Income

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, the Foundation's investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. 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 4* 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.

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.

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)

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 \$10,370,110 and \$8,532,922 at December 31, 2021 and 2020, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions—Net assets available for general use and not subject to donor- (or certain grantor-) restrictions. Net assets without donor restrictions consist of the following types of internally-designated funds:

Designated for donor advised grants—funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Directors in making grants from these resources.

Designated for discretionary grants—funds which are designated for discretionary grants to meet the most pressing needs of the community.

Designated for other grants—other funds include field of interest funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

Undesignated—available for operations and capital expenditures—funds or cash reserves available used for general operations of the Foundation and capital expenditures such as acquisitions of land, building, and equipment.

Certain of these net assets are designated by the Board of Directors as endowment funds. These funds represent assets contributed to the Foundation with the intention of the donor that these assets remain in perpetuity and are designated by the Board of Directors to provide such perpetual support through the Foundation's investment and spending policies.

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)

Net Assets With Donor Restrictions—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when received and released from restriction when the assets are placed in service.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 (ASC 958) 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. ASC 958 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 bylaws of the Foundation and donor documentation by management, the Board of Directors believes that substantially all 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 a portion of the principal.

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 a portion of the principal.

Management continues to evaluate ASC 958 and has determined that it does not have a significant impact on the net asset classifications in the combined statements of financial position and combined statements of activities and changes in net assets of the Foundation.

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

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions without donor restrictions consisted of the following:

	Year ended December 31	
	2021	2020
Contributions to unrestricted grantmaking and operating funds	\$ 3,189,730	\$ 1,697,032
Contributions to donor-advised funds	6,678,401	4,024,175
Contributions to other funds	5,499,950	3,174,263
Contributions received for agencies	628,252	912,885
	\$ 15,996,333	\$ 9,808,355

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, 2021 and 2020, no allowance for uncollectible pledges was deemed necessary.

Contributions receivable at December 31, 2021 are scheduled to be received by the Foundation as follows:

2022	\$ 3,449,030
2023	37,200
2024	17,200
2025	8,200
	\$ 3,511,630

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)

Land, Building, and Equipment

Land, building, and equipment is stated at cost or if donated, at fair value at the date of the donation, except for land, building, and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets at December 31, 2021. Items with a cost or value of \$2,500 or more 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.

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.

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

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

Program Related Investments, Net

The Foundation provided loans to the Allen County - Fort Wayne Development Trust, Inc. (Borrower) pursuant to the funding of community projects designed to better and transform the future of Fort Wayne and the region. At the inception of a programmatic loan, the Foundation determines whether the promissory note carries a market rate of interest. A present value discount is recorded if it is determined that the promissory note carries an interest rate below the market rate. The Foundation amortizes the present value discount over the contractual term of the promissory note. Interest income on the promissory notes is included in other income (loss), net.

The initial carrying value of programmatic loans is determined using present value techniques which consider the fair market rate of interest based on the borrower's risk profile and estimated cash flows to be received. Programmatic loans are recorded on a net basis to reflect the present value discount.

The Foundation will provide an allowance for losses that will be incurred. The loss reserve estimate is adjusted if collectability risk has significantly changed based on management's understanding of the borrower's financial health and payment history. Programmatic loans are written off if they are deemed to be uncollectible with no recoverable collateral value.

Grants and Scholarships Awarded

Unconditional grants and scholarships are considered awarded and recorded as payable upon their approval by the Board of Directors and communication to designated grantees. Conditional grants and scholarships are recognized when all conditions of the grant or scholarship are satisfied by the grantee or scholarship recipient.

Recently Issued Accounting Standard

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the combined statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the combined statement of activities. The new standard is effective for the Foundation's December 31, 2022 combined financial statements. A modified retrospective

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

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

Recently Issued Accounting Standard (continued)

transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the combined financial statements, with certain practical expedients available. The Foundation is currently evaluating the effect of the pending adoption of the new standard on the combined financial statements.

Fair Value of Financial Instruments

The carrying amounts reported in the Foundation's statements of financial position of financial instruments, including cash and cash equivalents, receivables, and payables approximate their fair values at December 31, 2021 and 2020 primarily due to the short-term nature of these instruments. See Investments, Beneficial Interest in Trusts, Notes, Accrued Interest Receivable, and Charitable Gift Annuities Payable in *Notes 1, 3, 4, 5, 6, and 8* for further discussion of the fair value of the Foundation's other financial instruments.

Functional Expenses

The costs of grants awarded, program, and supporting service activities have been summarized on a functional basis in the combined statements of activities. The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort and other factors.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The continuing extent of the impact of the COVID-19 outbreak on the financial performance of the Foundation will depend on future developments, which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Foundation's financial performance, including net investment return, may be materially adversely affected.

Community Foundation of Greater Fort Wayne Inc.
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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 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.

2. Liquidity and Availability

Financial assets available for grants and other program and supporting services expenses, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	December 31	
	2021	2020
Cash and cash equivalents	\$ 1,509,472	\$ 1,398,553
Short-term investments	7,001,240	6,861,943
Contributions receivable	3,449,030	88,080
Distributions from beneficial interest in trusts	83,641	97,271
Endowment spending-rate distributions and appropriation	4,857,342	4,312,549
Administrative fee appropriations	1,649,676	1,290,862
	\$ 18,550,401	\$ 14,049,258

The Foundation's investment policy provides five distinct and separate investment objectives (pools) to accommodate the differing time horizons and risk and return requirements needed for endowed and non-endowed funds. The Foundation's Board of Directors has determined that the majority of its investments are to be managed as endowed funds. The Foundation's distribution (or spending) policy, as applied to these board designated endowment and other funds, shall be designed to take into account total return concepts of investment and spending, with the goal of preserving the real spending power of such funds over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such funds.

The recommended spending percentage rate is recommended by the Investment Committee to the Board of Directors annually and is effective January 1 of each year. The Foundation's spending percentage rate was 4.5 percent in 2021 and 2020. Each fund's available to spend

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

2. Liquidity and Availability (continued)

balance is calculated annually at December 31 using a rolling average fund balance for each quarter of existence, not to exceed 20 quarters. The amount calculated shall be available for grant distributions on February 1 of each year. The available to spend balance is intended to be used for grantmaking and other purposes approved by the Foundation.

A spendable amount of \$4,857,342 will be made available for grantmaking and administrative expenses from these funds within the next 12 months.

In addition to these funds available for general expenditures, the Foundation's Board of Directors charges an administrative fee to all funds to cover general expenditures required to operate the Foundation. These funds are managed through pools of assets and charged an administrative fee, assessed quarterly, based on a percentage of the fair value of the assets in each fund. Administrative fees are recognized in the year in which they occur. Administrative fees of \$1,699,590 for 2021 and \$1,252,737 for 2020 were charged to specific funds. Such administrative fee income and administrative fee expense is netted (eliminated) in the presentation of the combined statement of activities and changes in net assets. Estimated administrative fees available for general expenditures during 2022 are \$1,649,676.

The Foundation also receives contributions each year from donors, which are available to help meet its cash needs for grants and general expenditures.

As part of the Foundation's liquidity management, it has the policy to structure its financial assets to be available as its grants, general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments, certificates of deposits, and money market funds. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve which was \$999,206 as of December 31, 2021.

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

Notes to Combined Financial Statements (continued)

3. Investments

Investments at fair value and historical cost are as follows:

	December 31	
	2021	2020
Investments at fair value	\$ 209,400,478	\$ 172,995,193
Investments at historical cost	\$ 154,282,872	\$ 141,049,264

The composition of net investment return is as follows:

	Year ended December 31	
	2021	2020
Investment income:		
Interest and dividends	\$ 5,325,637	\$ 3,070,536
Net realized gain (loss) on investments	4,278,778	(325,433)
Net unrealized gain on investments	22,570,682	11,837,884
	32,175,097	14,582,987
Less investment management and custodial fees	(433,485)	(347,716)
Net investment return recognized in the combined statements of activities and changes in net assets	31,741,612	14,235,271
Net investment return on funds held for agencies	1,894,260	812,829
Total net investment return	\$ 33,635,872	\$ 15,048,100

4. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, 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:

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

4. Fair Value Measurements (continued)

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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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, 2021 and 2020.

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.

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

Exchange traded funds: Exchange traded funds are publicly traded on major exchanges and are valued at the closing price reported on the major 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)

4. Fair Value Measurements (continued)

Alternative investments: Certain alternative investments in pooled investment funds are valued at estimated fair value based on the periodic financial information received from the investment advisor and/or managing member and the Foundation's percentage ownership in the alternative investment entity whose underlying assets are valued using prices and other relevant information generated by market transactions involving identical or comparable assets, appraised values, or other valuation methodology. As of December 31, 2021, the Foundation has invested \$9,550,000 in the FEG Private Opportunities Fund II and has committed to invest an additional \$450,000. FEG Private Opportunities Fund II is a pooled investment fund that seeks to invest in private equity, real assets, and special situations funds.

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

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 beneficial interest in trusts are valued at its proportional interest in the underlying trust assets which are valued at the fair market value as reported by the investment manager at year-end or the present value of the expected future cash flows.

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, 2021 and 2020.

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)

4. 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, 2021 and 2020:

	Assets at Fair Value at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 7,519,859	\$ -	\$ -	\$ 7,519,859
Mutual and exchange traded funds:				
International equity funds	36,413,071	-	-	36,413,071
United States equity funds	94,797,208	-	-	94,797,208
Bonds/fixed income funds	35,479,141	-	-	35,479,141
Natural resource funds	11,534,516	-	-	11,534,516
Real estate funds	-	11,498,003	-	11,498,003
Total mutual and exchange traded funds	185,743,795	11,498,003	-	197,241,798
Alternative investments:				
Private capital fund	-	-	12,158,680	12,158,680
Total investments at fair value	185,743,795	11,498,003	12,158,680	209,400,478
Cash value of life insurance policies	-	1,355,222	-	1,355,222
Beneficial interest in trusts	-	1,822,585	2,017,482	3,840,067
Real estate and other assets	-	-	130,754	130,754
Total other assets at fair value	-	3,177,807	2,148,236	5,326,043
Assets at fair value	\$ 185,743,795	\$14,675,810	\$14,306,916	\$ 214,726,521

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

4. Fair Value Measurements (continued)

	Assets at Fair Value at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 5,650,951	\$ -	\$ -	\$ 5,650,951
Mutual and exchange traded funds:				
International equity funds	30,612,231	-	-	30,612,231
United States equity funds	77,073,091	-	-	77,073,091
Bonds/fixed income funds	30,595,190	-	-	30,595,190
Natural resource funds	10,146,238	-	-	10,146,238
Real estate funds	-	9,222,432	-	9,222,432
Total mutual and exchange traded funds	148,426,750	9,222,432	-	157,649,182
Alternative investments:				
Private capital fund	-	-	9,695,060	9,695,060
Total investments at fair value	154,077,701	9,222,432	9,695,060	172,995,193
Cash value of life insurance policies	-	1,253,573	-	1,253,573
Beneficial interest in trusts	-	1,717,440	2,183,392	3,900,832
Real estate and other assets	-	-	130,754	130,754
Total other assets at fair value	-	2,971,013	2,314,146	5,285,159
Assets at fair value	\$ 154,077,701	\$12,193,445	\$12,009,206	\$ 178,280,352

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

Notes to Combined Financial Statements (continued)

4. Fair Value Measurements (continued)

The changes in assets classified as Level 3 are as follows:

	Alternative Investments	Beneficial Interest in Trusts	Real Estate and Other Assets	Total
Year ended December 31, 2021				
Balance at beginning of year	\$ 9,695,060	\$ 2,183,392	\$ 130,754	\$ 12,009,206
Purchases (sales and redemptions), net	(2,200,000)	(13,895)	-	(2,213,895)
Return on assets—net realized and unrealized gain	4,663,620	(152,015)	-	4,511,605
Balance at end of year	<u>\$ 12,158,680</u>	<u>\$ 2,017,482</u>	<u>\$ 130,754</u>	<u>\$ 14,306,916</u>

	Alternative Investments	Beneficial Interest in Trusts	Real Estate and Other Assets	Total
Year ended December 31, 2020				
Balance at beginning of year	\$ 11,186,482	\$ 2,364,967	\$ 130,754	\$ 13,682,203
Purchases (sales and redemptions), net	(2,229,847)	(738,268)	-	(2,968,115)
Return on assets—net realized and unrealized gain	738,425	556,693	-	1,295,118
Balance at end of year	<u>\$ 9,695,060</u>	<u>\$ 2,183,392</u>	<u>\$ 130,754</u>	<u>\$ 12,009,206</u>

5. Beneficial Interest in Trusts

The Foundation has beneficial interests in perpetual trusts of \$3,840,067 and \$3,900,932 at December 31, 2021 and 2020, respectively, that it does not control or administer. The estimated present value of the beneficial interest in the perpetual trusts was calculated as of December 31, 2021 and 2020, based on the age of the life beneficiaries using the following key assumptions:

Long-term discount rate (utilized by a perpetual trust)	1.90% at December 31, 2021; 1.65% at December 31, 2020
Mortality table	Published mortality-rate tables adopted by the Internal Revenue Service

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's restricted net assets consist of the aforementioned beneficial interest in perpetual trusts.

6. Program Related Investments, Net

Program related investments are programmatic loans and accrued interest receivable due the Foundation and consist of the following:

	December 31	
	2021	2020
Programmatic loans receivable from Allen County – Fort Wayne Development Trust, Inc. pursuant to the: Development of West Columbia Street, 2.5% interest, payments due quarterly with the remaining principal and accrued interest due on May 11, 2033.	\$ 1,070,004	\$ 1,153,048
Development of West Columbia Street, repaid in full in 2021.	-	1,170,000
Accrued interest receivable	45,353	43,801
	1,115,357	2,366,849
Less present value discount	286,098	311,342
Total program related investments, net	\$ 829,259	\$ 2,055,507

On May 10, 2018, the Foundation and Borrower entered into a Promissory Note Agreement (Note) for the development of West Columbia Street (The Landing Project). The Note bears interest at 2.5 percent with no amounts payable for a period of two years and is secured by certain collateral. On June 15, 2020, all accrued but unpaid interest was added to the outstanding principal balance of the Foundation loan and became a part of the principal due under this Note. Principal and interest payments of \$23,557 became payable quarterly on the fifteenth day of each March, June, September, and December. If not earlier paid, the principal of, and all accrued and unpaid interest on, the Note shall be payable in full on May 11, 2033.

During the period beginning on the eighty-fourth month through the ninetieth month after the closing date, the Foundation shall have the absolute right, but not the obligation, by written notice to Borrower to require Borrower to pay within 180 days the then outstanding principal balance of this Note, together with all accrued and unpaid interest.

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

Notes to Combined Financial Statements (continued)

6. Program Related Investments, Net (continued)

On June 26, 2020, the Foundation and Borrower entered into a second Promissory Note Agreement for \$1,170,000. The note bore interest at 2.5 percent and was paid in full in 2021.

The note receivable is recorded at cost less the unamortized present value discount, which approximates fair value.

7. Grants and Scholarships Payable

The following summarizes the changes in grants and scholarships payable:

	Year ended December 31	
	2021	2020
Grants and scholarships payable at beginning of year	\$ 581,022	\$ 608,750
Unconditional grants and scholarships expensed	9,029,043	9,228,823
Less payments made	9,070,293	9,256,551
Grants and scholarships payable at end of year	\$ 539,772	\$ 581,022

Grants and scholarships payable at December 31, 2021 are scheduled to be disbursed as follows:

2022	\$ 302,800
2023	161,045
2024	75,927
	\$ 539,772

8. 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

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

8. Charitable Gift Annuities Payable (continued)

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	
	2021	2020
Investments	\$ 1,743,710	\$ 1,610,107
Current portion of annuities payable	\$ 105,006	\$ 108,286
Annuities payable, less current portion	681,413	727,196
	\$ 786,419	\$ 835,482

The liability for the charitable gift annuities was calculated as of December 31, 2021 and 2020, based on the age of the donor(s) using the following key assumptions:

Range of annuity rates	4.8% - 8.2%
Range of discount rates	1.2% - 6.2%
Mortality tables	Published mortality-rate tables adopted by the Internal Revenue Service

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 percent of employee contributions up to 3 percent of the employee's salary. Expense for the Plan was \$25,225 in 2021 and \$24,809 in 2020.

10. Endowment

The Foundation's endowment consists of approximately 253 individual funds established for a variety of purposes including funds designated by the Board of Directors to function as endowments subject to the Foundation's investment and spending policies. Net assets associated

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

10. Endowment (continued)

with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-proposed restrictions.

The Board of Directors of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were nominal number of funds and amounts with such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of the Foundation, including balancing the Foundation’s short-term and long-term needs for grant making dollars.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.

	Without Donor Restriction	With Donor Restriction	Total
December 31, 2021:			
Board-designated endowment funds	\$ 128,971,431	\$ 3,840,067	\$ 132,811,498
December 31, 2020:			
Board-designated endowment funds	\$ 104,864,347	\$ 3,900,832	\$ 108,765,179

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

10. Endowment (continued)

Changes in endowment net assets are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Year ended December 31, 2021:			
Endowment net assets at beginning of year	\$ 104,864,347	\$ 3,900,832	\$ 108,765,179
Net investment return	22,463,929	-	22,463,929
Contributions	7,412,102	-	7,412,102
Other changes—distribution from board-designed endowment pursuant to distribution policy	(5,768,947)	(60,765)	(5,829,712)
Endowment net assets at end of year	<u>\$ 128,971,431</u>	<u>\$ 3,840,067</u>	<u>\$ 132,811,498</u>

	Without Donor Restriction	With Donor Restriction	Total
Year ended December 31, 2020:			
Endowment net assets at beginning of year	\$ 99,018,133	\$ 3,242,448	\$ 102,260,581
Net investment return	9,742,246	-	9,742,246
Contributions	2,126,042	-	2,126,042
Other changes—distribution from board-designed endowment pursuant to distribution policy	(6,022,074)	658,384	(5,363,690)
Endowment net assets at end of year	<u>\$ 104,864,347</u>	<u>\$ 3,900,832</u>	<u>\$ 108,765,179</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021 and 2020, there were no deficiencies in endowment funds with donor restriction.

The Foundation has adopted investment and spending policies for the endowment that attempt to provide predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an

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

10. Endowment (continued)

amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the net of the fee time-weighted return less the Consumer Price Index equaling the spending rate plus average administrative fee. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Foundation uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year. The recommended spending percentage rate is recommended by the Investment Committee to the Board of Directors annually and is effective January 1 of each year. The Foundation's spending percentage rate was 4.5 percent in 2021 and 2020. Each fund's available to spend balance is calculated annually at December 31 using a rolling average fund balance for each quarter of existence, not to exceed 20 quarters. The amount calculated shall be available for grant distributions on February 1 of each year. In establishing this policy, the Foundation considered the long-term expected return on the endowment and set the rate with the objective of maintaining the purchasing power of the endowment over time.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions that are not subject to spending policy or appropriation consist of the aforementioned beneficial interest in perpetual trusts amounted to \$3,840,067 and \$3,900,832 at December 31, 2021 and 2020, respectively.

12. Related Party Transactions

Certain members of the Board of Directors are employed by, or affiliated with, organizations that provide financial, computer, and other services to the Foundation. The fees paid for these services were based on customary and reasonable rates for such services.

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

13. Subsequent Events

Management has evaluated subsequent events through March 29, 2022, the date on which the combined financial statements were available to be issued.