

Combined Financial Statements

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

*Years ended December 31, 2022 and 2021  
with Independent Auditor's Report*

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

Combined Financial Statements

Years ended December 31, 2022 and 2021

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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, 2022 and 2021, 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 combined 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, 2022 and 2021, 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 30, 2023

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

Combined Statements of Financial Position

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 563,583	\$ 1,509,472
Investments, at fair value	185,262,228	209,400,478
Accounts receivable	5,000	-
Contributions receivable	134,043	3,449,030
Other current assets	31,663	29,549
Total current assets	<u>185,996,517</u>	<u>214,388,529</u>
Land, building, and equipment:		
Land	280,000	280,000
Building	1,849,998	1,827,113
Equipment	341,513	319,026
	<u>2,471,511</u>	<u>2,426,139</u>
Less accumulated depreciation	924,853	858,157
	<u>1,546,658</u>	<u>1,567,982</u>
Other assets:		
Cash value of life insurance policies	1,491,950	1,355,222
Beneficial interest in trusts	2,447,769	3,840,067
Program related investments, net	786,073	829,259
Long-term contributions receivable	14,000	62,600
Right-of-use asset-operating	5,855	-
Real estate and other assets	130,754	130,754
	<u>4,876,401</u>	<u>6,217,902</u>
Total assets	<u><u>\$ 192,419,576</u></u>	<u><u>\$ 222,174,413</u></u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Current portion of grants and scholarships payable	\$ 310,617	\$ 302,800
Current portion of annuities payable	105,006	105,006
Accounts payable and accrued expenses	120,678	101,113
Current portion of lease liability-operating	2,804	-
Funds held for agencies	9,071,959	10,370,110
Total current liabilities	<u>9,611,064</u>	<u>10,879,029</u>
Grants and scholarships payable, less current portion	284,971	236,972
Annuities payable, less current portion	642,512	681,413
Lease liability-operating, less current portion	3,051	-
Total liabilities	<u>10,541,598</u>	<u>11,797,414</u>
Net assets:		
Without donor restrictions:		
Designated for donor-advised grants	74,388,689	87,141,469
Designated for discretionary grants	53,018,741	62,712,587
Designated for other grants	44,683,333	48,996,530
Undesignated—available for operations and capital expenditures	7,339,446	7,686,346
Total without donor restrictions	<u>179,430,209</u>	<u>206,536,932</u>
With donor restrictions—perpetual trusts	2,447,769	3,840,067
Total net assets	<u>181,877,978</u>	<u>210,376,999</u>
Total liabilities and net assets	<u><u>\$ 192,419,576</u></u>	<u><u>\$ 222,174,413</u></u>

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					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues, and gains (losses)</b>						
Contributions	\$ 8,668,937	\$ -	\$ 8,668,937	\$ 15,996,333	\$ -	\$ 15,996,333
In-kind contributions	7,465	-	7,465	-	-	-
Less contributions received for agency funds	124,250	-	124,250	130,955	-	130,955
Less interfund contributions	627,805	-	627,805	936,888	-	936,888
Net contributions	7,924,347	-	7,924,347	14,928,490	-	14,928,490
Net investment return (loss)	(23,107,221)	-	(23,107,221)	31,741,612	-	31,741,612
Gain (loss) on beneficial interest in trusts and change in value of other items, net	(361,657)	(1,392,298)	(1,753,955)	34,096	(60,765)	(26,669)
Other	(111,832)	-	(111,832)	(19,247)	-	(19,247)
Total support, revenues, and gains (losses)	(15,656,363)	(1,392,298)	(17,048,661)	46,684,951	(60,765)	46,624,186
<b>Expenses</b>						
Grants and scholarships awarded	9,901,025	-	9,901,025	9,029,043	-	9,029,043
Less grants made from agency funds	289,063	-	289,063	152,193	-	152,193
Less interfund grants and scholarships	627,805	-	627,805	936,888	-	936,888
Net grants and scholarships awarded	8,984,157	-	8,984,157	7,939,962	-	7,939,962
Program services expense:						
Grantmaking	211,443	-	211,443	128,058	-	128,058
Manage charitable funds	113,034	-	113,034	51,407	-	51,407
Community leadership	484,492	-	484,492	340,601	-	340,601
Total program services expenses	808,969	-	808,969	520,066	-	520,066
Supporting services expense:						
Development and communications	408,376	-	408,376	368,211	-	368,211
Finance and administration	1,248,858	-	1,248,858	885,380	-	885,380
Total supporting services expenses	1,657,234	-	1,657,234	1,253,591	-	1,253,591
Total expenses	11,450,360	-	11,450,360	9,713,619	-	9,713,619
<b>Increase (decrease) in net assets</b>	(27,106,723)	(1,392,298)	(28,499,021)	36,971,332	(60,765)	36,910,567
Net assets at beginning of year	206,536,932	3,840,067	210,376,999	169,565,600	3,900,832	173,466,432
Net assets at end of year	<u>\$ 179,430,209</u>	<u>\$ 2,447,769</u>	<u>\$ 181,877,978</u>	<u>\$ 206,536,932</u>	<u>\$ 3,840,067</u>	<u>\$ 210,376,999</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, 2022

	Program Expenses					Supporting Services			Total Expenses
	Grants Awarded	Manage Grantmaking	Charitable Funds	Community Leadership	Total	Development and Communications	Finance and Administration	Total	
Grants and scholarships awarded:									
Arts and culture	\$ 825,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 825,126
Basic human needs	1,036,205	-	-	-	-	-	-	-	1,036,205
Youth and education	2,955,772	-	-	-	-	-	-	-	2,955,772
Physical and mental health	1,367,723	-	-	-	-	-	-	-	1,367,723
Other charitable purpose	3,716,199	-	-	-	-	-	-	-	3,716,199
	<u>9,901,025</u>	-	-	-	-	-	-	-	<u>9,901,025</u>
Less grants made from agency funds	289,063	-	-	-	-	-	-	-	289,063
Less interfund grants and scholarships	627,805	-	-	-	-	-	-	-	627,805
Net grants and scholarships awarded	<u>8,984,157</u>	-	-	-	-	-	-	-	<u>8,984,157</u>
Salaries and benefits	-	158,845	84,345	233,153	476,343	143,030	884,047	1,027,077	1,503,420
Accounting and legal fees	-	3,938	2,148	5,371	11,457	3,222	21,124	24,346	35,803
Training, conferences, and travel	-	13,815	7,535	18,838	40,188	11,303	74,098	85,401	125,589
Community engagement	-	-	-	179,614	179,614	-	-	-	179,614
Printing and publications, including marketing and fundraising	-	-	-	-	-	222,311	-	222,311	222,311
Office supplies	-	449	245	612	1,306	367	2,407	2,774	4,080
Postage	-	503	274	686	1,463	411	2,697	3,108	4,571
Occupancy	-	9,170	5,002	12,505	26,677	7,503	49,185	56,688	83,365
Telephone	-	469	256	640	1,365	384	2,516	2,900	4,265
Depreciation expense	-	-	-	-	-	-	66,695	66,695	66,695
Office equipment and maintenance	-	12,758	6,959	17,398	37,115	10,439	68,431	78,870	115,985
Insurance—other	-	2,636	1,438	3,594	7,668	2,157	14,138	16,295	23,963
Dues and subscriptions	-	1,297	707	1,769	3,773	1,061	6,956	8,017	11,790
Bad debt write-off	-	-	-	-	-	-	16,000	16,000	16,000
Other expenses	-	7,563	4,125	10,312	22,000	6,188	40,564	46,752	68,752
Total expenses	<u>\$ 8,984,157</u>	<u>\$ 211,443</u>	<u>\$ 113,034</u>	<u>\$ 484,492</u>	<u>\$ 808,969</u>	<u>\$ 408,376</u>	<u>\$ 1,248,858</u>	<u>\$ 1,657,234</u>	<u>\$ 11,450,360</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
		Grantmaking	Manage 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 Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ (28,499,021)	\$ 36,910,567
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	27,500,334	(26,849,460)
Noncash gifts received	(1,660,000)	(3,382,740)
Depreciation expense	66,695	61,985
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	1,255,570	(40,884)
Changes in operating assets and liabilities:		
Accounts receivable	(5,000)	-
Contributions receivable	3,363,587	(3,398,190)
Other current assets	(2,114)	(2,305)
Program related investments	68,430	1,251,492
Grants and scholarships payable	55,816	(41,250)
Annuities payable	(38,901)	(49,063)
Accounts payable and accrued expenses	19,565	35,130
Funds held for agencies	(1,298,151)	1,837,188
Net cash provided by operating activities	801,566	6,307,226
<b>Investing activities</b>		
Proceeds from sale and maturities of investments	22,958,122	13,061,208
Purchases of investments	(24,660,206)	(19,234,293)
Acquisitions of equipment	(45,371)	(23,222)
Net cash used in investing activities	(1,747,455)	(6,196,307)
Increase (decrease) in cash and cash equivalents	(945,889)	110,919
Cash and cash equivalents at beginning of year	1,509,472	1,398,553
Cash and cash equivalents at end of year	\$ 563,583	\$ 1,509,472

*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, 2022

**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 (IRC) 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, 2022 and 2021 of \$1,452,451 and \$1,498,130, 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, 2022 and 2021 of \$528 and \$532, respectively.

*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, 2022 and 2021 of \$1,035 and \$1,043, 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 IRC.

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 IRC 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, 2019.

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 \$9,071,959 and \$10,370,110 at December 31, 2022 and 2021, 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 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:

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Contributions to unrestricted grantmaking and operating funds	<b>\$ 1,300,460</b>	\$ 3,189,730
Contributions to donor-advised funds	<b>3,644,868</b>	6,678,401
Contributions to other funds	<b>3,092,532</b>	5,499,950
Contributions received for agencies	<b>631,077</b>	628,252
	<b>\$ 8,668,937</b>	\$ 15,996,333

Contributions of assets other than cash are recorded at their fair market value, estimated based on costs to purchase comparable goods and services.

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, 2022 and 2021, no allowance for uncollectible pledges was deemed necessary.

Contributions receivable at December 31, 2022 are scheduled to be received by the Foundation as follows:

2023	<b>\$ 134,043</b>
2024	<b>11,000</b>
2025	<b>3,000</b>
	<b>\$ 148,043</b>

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)**

**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, 2022. 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 Adopted 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 are classified as either finance or operating, with classification affecting the pattern of expense recognition in the combined statement of activities. The Foundation adopted ASU 2016-02 and its related amendments effective January 1, 2022. As part of the implementation process, the

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 Adopted Accounting Standard (continued)**

Foundation elected the package of practical expedients. The cumulative effect of initially applying the new standard resulted in the addition of \$5,233 of right of use assets and lease liabilities. There we no cumulative effect adjustment to the opening balance of net assets required.

**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, 2022 and 2021 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.

**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.  
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Notes to Combined Financial Statements (continued)

**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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 563,583	\$ 1,509,472
Short-term investments	7,803,745	7,001,240
Contributions receivable	134,043	3,449,030
Accounts receivable	5,000	-
Distributions from beneficial interest in trusts	79,711	83,641
Endowment spending-rate distributions and appropriation	5,773,740	4,857,342
Administrative fee appropriations	1,710,243	1,649,676
	<b>\$ 16,070,065</b>	<b>\$ 18,550,401</b>

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 2022 and 2021. 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. The available to spend balance is intended to be used for grantmaking and other purposes approved by the Foundation.

A spendable amount of \$5,773,740 will be made available for grantmaking and administrative expenses from these funds within the next 12 months.

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

**2. Liquidity and Availability (continued)**

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 \$1,852,774 for 2022 and \$1,699,590 for 2021 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 2023 are \$1,710,243.

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 \$1,773,937 as of December 31, 2022.

**3. Investments**

Investments at fair value and historical cost are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments at fair value	<u>\$ 185,262,228</u>	<u>\$ 209,400,478</u>
Investments at historical cost	<u>\$ 161,495,746</u>	<u>\$ 154,282,872</u>

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

Notes to Combined Financial Statements (continued)

**3. Investments (continued)**

The composition of net investment return is as follows:

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investment income (loss):		
Interest and dividends	\$ 4,829,305	\$ 5,325,637
Net realized gain on investments	2,459,500	4,278,778
Net unrealized gain (loss) on investments	(29,959,834)	22,570,682
	(22,671,029)	32,175,097
Less investment management and custodial fees	(436,192)	(433,485)
Net investment return (loss) recognized in the combined statements of activities and changes in net assets	(23,107,221)	31,741,612
Net investment return (loss) on funds held for agencies	(1,097,321)	1,894,260
Total net investment return (loss)	\$ (24,204,542)	\$ 33,635,872

**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:

- 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.

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

Notes to Combined Financial Statements (continued)

**4. Fair Value Measurements (continued)**

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, 2022 and 2021.

*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 (NAV) of shares held by the Foundation at year-end.

*Mutual funds:* Valued at the 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, 2022, 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.

*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, 2022 and 2021.

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.  
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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, 2022 and 2021:

	<b>Assets at Fair Value at December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 7,061,620	\$ -	\$ -	\$ 7,061,620
Mutual and exchange traded funds:				
International equity funds	30,219,037	-	-	30,219,037
United States equity funds	76,396,056	-	-	76,396,056
Bonds/fixed income funds	39,984,127	-	-	39,984,127
Natural resource funds	10,650,615	-	-	10,650,615
Real estate funds	-	9,929,026	-	9,929,026
Total mutual and exchange traded funds	157,249,835	9,929,026	-	167,178,861
Alternative investments:				
Private capital fund	-	-	11,021,747	11,021,747
Total investments at fair value	164,311,455	9,929,026	11,021,747	185,262,228
Cash value of life insurance policies	-	1,491,950	-	1,491,950
Beneficial interest in trusts	-	1,400,853	1,046,916	2,447,769
Real estate and other assets	-	-	130,754	130,754
Total other assets at fair value	-	2,892,803	1,177,670	4,070,473
Assets at fair value	<b>\$ 164,311,455</b>	<b>\$ 12,821,829</b>	<b>\$ 12,199,417</b>	<b>\$ 189,332,701</b>



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

**4. Fair Value Measurements (continued)**

	<b>Assets at Fair Value at December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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.  
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:

	<b>Alternative Investments</b>	<b>Beneficial Interest in Trusts</b>	<b>Real Estate and Other Assets</b>	<b>Total</b>
<b>Year ended December 31, 2022</b>				
Balance at beginning of year	\$ 12,158,680	\$ 2,017,482	\$ 130,754	\$ 14,306,916
Purchases, sales, and redemptions, net	(1,790,000)	(43,033)	-	(1,833,033)
Return on assets—net realized and unrealized gain (loss)	653,067	(927,533)	-	(274,466)
Balance at end of year	<u>\$ 11,021,747</u>	<u>\$ 1,046,916</u>	<u>\$ 130,754</u>	<u>\$ 12,199,417</u>

	<b>Alternative Investments</b>	<b>Beneficial Interest in Trusts</b>	<b>Real Estate and Other Assets</b>	<b>Total</b>
<b>Year ended December 31, 2021</b>				
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 (loss)	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>

**5. Beneficial Interest in Trusts**

The Foundation has beneficial interests in perpetual trusts of \$2,447,769 and \$3,840,067 at December 31, 2022 and 2021, 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, 2022 and 2021, based on the age of the life beneficiaries using the following key assumptions:

Long-term discount rate (utilized by a perpetual trust)	3.97% at December 31, 2022; 1.90% at December 31, 2021
Mortality table	Published mortality-rate tables adopted by the Internal Revenue Service

Community Foundation of Greater Fort Wayne Inc.  
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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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
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.	<b>\$ 1,021,129</b>	\$ 1,070,004
Accrued interest receivable	<b>25,798</b>	45,353
	<b>1,046,927</b>	1,115,357
Less present value discount	<b>260,854</b>	286,098
Total program related investments, net	<b>\$ 786,073</b>	\$ 829,259

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.

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

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

**7. Grants and Scholarships Payable**

The following summarizes the changes in grants and scholarships payable:

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Grants and scholarships payable at beginning of year	\$ 539,772	\$ 581,022
Unconditional grants and scholarships expensed	9,901,025	9,029,043
Less payments made	9,845,209	9,070,293
Grants and scholarships payable at end of year	\$ 595,588	\$ 539,772

Grants and scholarships payable at December 31, 2022 are scheduled to be disbursed as follows:

2023	\$ 310,617
2024	179,205
2025	105,766
	\$ 595,588

**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 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments	\$ 1,407,147	\$ 1,743,710
Current portion of annuities payable	\$ 105,006	\$ 105,006
Annuities payable, less current portion	642,512	681,413
	\$ 747,518	\$ 786,419

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

**8. Charitable Gift Annuities Payable (continued)**

The liability for the charitable gift annuities was calculated as of December 31, 2022 and 2021, based on the age of the donor(s) using the following key assumptions:

Range of annuity rates	4.8% - 6.2%
Range of discount rates	1.2% - 5.6%
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 IRC. 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 \$35,673 in 2022 and \$25,225 in 2021.

**10. Endowment**

The Foundation's endowment consists of approximately 283 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 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, 2022 and 2021, 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

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

**10. Endowment (continued)**

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.

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
December 31, 2022:			
Board-designated endowment funds	<b>\$ 112,515,003</b>	<b>\$ 2,447,769</b>	<b>\$ 114,962,772</b>
December 31, 2021:			
Board-designated endowment funds	<b>\$ 128,971,431</b>	<b>\$ 3,840,067</b>	<b>\$ 132,811,498</b>

Changes in endowment net assets are as follows:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Year ended December 31, 2022:			
Endowment net assets at beginning of year	<b>\$ 128,971,431</b>	<b>\$ 3,840,067</b>	<b>\$ 132,811,498</b>
Net investment return	<b>(13,717,430)</b>	<b>-</b>	<b>(13,717,430)</b>
Contributions	<b>2,580,448</b>	<b>-</b>	<b>2,580,448</b>
Other changes—distribution from board-designed endowment pursuant to distribution policy	<b>(5,319,446)</b>	<b>(1,392,298)</b>	<b>(6,711,744)</b>
Endowment net assets at end of year	<b>\$ 112,515,003</b>	<b>\$ 2,447,769</b>	<b>\$ 114,962,772</b>

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:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
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>

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, 2022 and 2021, 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 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

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Notes to Combined Financial Statements (continued)

**10. Endowment (continued)**

January 1 of each year. The Foundation's spending percentage rate was 4.5 percent in 2022 and 2021. 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 \$2,447,769 and \$3,840,067 at December 31, 2022 and 2021, 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.

**13. Subsequent Events**

Management has evaluated subsequent events through March 30, 2023, the date on which the combined financial statements were available to be issued.