Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Independent Auditor’s Report and Combined and Consolidated Financial Statements
December 31, 2012 and 2011

Affiliated Organizations include:
The William E. English Foundation
Indianapolis Parks Foundation, Inc.
TechPoint Foundation for Youth, Inc.
McCaw Family Foundation, Inc.
Sheehan Charitable Foundation

Central Indiana Community Foundation, Inc.
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December 31, 2012 and 2011

Contents

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Independent Auditor's Report on Combined and Consolidated Financial Statements and Supplementary Information

Board of Directors
Central Indiana Community Foundation, Inc.
and Affiliated Organizations
Indianapolis, Indiana

We have audited the accompanying combined and consolidated financial statements of Central Indiana Community Foundation, Inc., The Indianapolis Foundation, Legacy Fund, Inc., and Affiliated Organizations (collectively, Foundation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the combined and consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Indiana Community Foundation, Inc., The Indianapolis Foundation, Legacy Fund, Inc., and Affiliated Organizations as of December 31, 2012 and 2011, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined and consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined and consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined and consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined and consolidated financial statements or to the combined and consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined and consolidated financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
September 5, 2013

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combined and Consolidated Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 50,482,040	$ 39,062,619
Investments	533,151,225	500,854,124
Contributions and grants receivable	2,354,510	2,400,226
Accrued investment income	160,353	213,811
Other assets	165,197	153,915
Program-related investments	1,200,027	1,346,725
Land held for investment	1,126,592	1,154,793
Contributions receivable from remainder trusts	3,462,262	3,512,243
Property and equipment, net	7,406,842	4,802,708
Beneficial interest in perpetual trusts	13,633,014	12,755,987
Total assets	$ 613,142,062	$ 566,257,151
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 485,154	$ 797,944
Accrued pension and vacation	3,419,312	3,263,203
Investment fees payable	194,002	76,639
Grant and gift commitments payable	9,824,232	11,458,867
Annuities payable	206,932	311,379
Income beneficiaries payable	3,344,359	3,380,811
Amounts held for others	45,231,590	43,287,714
Total liabilities	62,705,581	62,576,557
Net Assets		
Unrestricted	509,406,996	471,147,638
Temporarily restricted	25,629,862	18,135,398
Permanently restricted	15,399,623	14,397,558
Total net assets	550,436,481	503,680,594
Total liabilities and net assets	$ 613,142,062	$ 566,257,151

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combined and Consolidated Statements of Activities
Years Ended December 31, 2012 and 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Total amounts raised	$ 32,314,953	$ 13,008,262	$ 104,120	$ 45,427,335
Less amounts for agency funds	(1,112,875)	-	-	(1,112,875)
Total contributions	31,202,078	13,008,262	104,120	44,314,460
Investment income, net of fees of $2,556,736 and $2,332,658	3,946,823	25,708	10,871	3,983,402
Rental and other income	1,604,036	-	-	1,604,036
Total revenue	36,752,937	13,033,970	114,991	49,901,898
Net assets released from restriction	7,174,951	(6,587,762)	(587,189)	-
Total revenue and other support	43,927,888	6,446,208	(472,198)	49,901,898
Expenses				
Grant expenses	43,041,192	-	-	43,041,192
Program expenses	4,546,661	-	-	4,546,661
Management and general	2,209,271	-	-	2,209,271
Fundraising and development	1,498,619	-	-	1,498,619
Total expenses	51,295,743	-	-	51,295,743
Change in Net Assets From Operations Before Other Gains (Losses)	(7,367,855)	6,446,208	(472,198)	(1,393,845)
Other Gains (Losses)				
Changes in value of split-interest agreements	71,559	486,632	-	558,191
Net realized gain on investments	8,309,394	61,416	385,176	8,755,986
Net unrealized gain (loss) on investments	37,440,303	275,520	1,089,087	38,804,910
Net gain (loss) and prior service cost included in net periodic pension cost	30,373	-	-	30,373
Total other gains (losses)	45,851,629	823,568	1,474,263	48,149,460
Transfers and Other Changes to Net Assets	(224,416)	224,688	-	272
Change in Net Assets	38,259,358	7,494,464	1,002,065	46,755,887
Net Assets, Beginning of Year	471,147,638	18,135,398	14,397,558	503,680,594
Net Assets, End of Year	$ 509,406,996	$ 25,629,862	$ 15,399,623	$ 550,436,481

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 21,719,217	$ 5,391,288	$ -	$ 27,110,505
(1,299,725)	-	-	(1,299,725)
20,419,492	5,391,288	-	25,810,780
3,528,689	23,812	(916)	3,551,585
1,285,870	-	-	1,285,870
25,234,051	5,415,100	(916)	30,648,235
9,494,223	(9,006,173)	(488,050)	-
34,728,274	(3,591,073)	(488,966)	30,648,235
43,504,177	-	-	43,504,177
4,696,065	-	-	4,696,065
2,093,621	-	-	2,093,621
1,422,897	-	-	1,422,897
51,716,760	-	-	51,716,760
(16,988,486)	(3,591,073)	(488,966)	(21,068,525)
(37,815)	37,953	-	138
13,001,237	103,907	572,367	13,677,511
(17,326,183)	(185,120)	(1,635,671)	(19,146,974)
(958,361)	-	-	(958,361)
(5,321,122)	(43,260)	(1,063,304)	(6,427,686)
-	-	-	-
(22,309,608)	(3,634,333)	(1,552,270)	(27,496,211)
493,457,246	21,769,731	15,949,828	531,176,805
$ 471,147,638	$ 18,135,398	$ 14,397,558	$ 503,680,594

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 46,755,887	$ (27,496,211)
Items not requiring (providing) cash		
Depreciation	767,143	701,783
Loss on sale of equipment	21,277	172
Unrealized (gain) loss on investments	(38,804,910)	19,146,974
Realized gain on sale of investments	(8,755,986)	(13,677,511)
Noncash contributions - stock	(3,148,580)	(3,807,198)
Change in value of land held for investment	28,201	24,870
Change in		
Contributions and grants receivable	45,716	61,886
Accrued investment income	53,458	291,844
Contributions receivable from remainder trusts	49,981	154,767
Other assets	(11,282)	135,512
Accounts payable	(312,790)	312,622
Accrued pension and vacation	156,109	914,228
Investment fees payable	117,363	(277,964)
Grant and gift commitments payable	(1,634,635)	2,348,797
Annuities payable	(104,447)	(13,640)
Income beneficiaries payable	(36,452)	(593,212)
Net cash used in operating activities	(4,813,947)	(21,772,281)
Investing Activities		
Proceeds from sale of investments	141,115,708	191,989,258
Purchase of investments	(123,433,662)	(163,552,763)
Purchase of equipment	(3,392,554)	(736,079)
Net cash provided by investing activities	14,289,492	27,700,416
Financing Activity - change in amounts held for others	1,943,876	(1,006,704)
Increase in Cash and Cash Equivalents	11,419,421	4,921,431
Cash and Cash Equivalents, Beginning of Year	39,062,619	34,141,188
Cash and Cash Equivalents, End of Year	$ 50,482,040	$ 39,062,619

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Historical Background

The Indianapolis Foundation (IF), a community foundation serving Indianapolis, Indiana, was created in 1916 by resolution of trust. **Legacy Fund, Inc**. **(LF)**, a community foundation serving Hamilton County, Indiana, was founded in 1991. In early 1997, The Indianapolis Foundation and Legacy Fund, Inc. entered into an agreement to create **Central Indiana Community Foundation, Inc.** (CICF) to combine their resources to better serve the charitable needs of both Marion and Hamilton counties.

Pursuant to the 1997 agreement, the name of Legacy Fund, Inc. was amended to change the name of the organization to Central Indiana Community Foundation, Inc. At this point, the assets of Legacy Fund, Inc. converted to a component fund within CICF called "Legacy Fund" and the Legacy Fund, Inc. Board of Governors became a committee of CICF. However, in early 2004, Legacy Fund, Inc. was incorporated as a not-for-profit corporation under the laws of the State of Indiana and also applied for exempt status from the IRS. In 2005, Legacy Fund, Inc. received notification from the IRS stating that they had been granted exempt status under Section 501(c)(3) of the Internal Revenue Code, and they are not considered a private foundation. Subsequent to receiving their exempt status, the assets that had been converted to a component fund within CICF were transferred to the new exempt organization - Legacy Fund, Inc.

In 1998, the Marion County Superior Court probate division ruled that The Indianapolis Foundation could transfer a portion of its funds to CICF consisting of "some or all of the income, including without limitation, some or all of the net appreciation, realized and unrealized, in the fair value of the assets held in the community-based charitable trust." Based on this ruling, The Indianapolis Foundation transferred approximately $60 million (historic dollar value) to a component fund within CICF called "The Indianapolis Foundation Fund." Pursuant to the agreement establishing CICF, the funds transferred to CICF by The Indianapolis Foundation, as well as additional contributions to IF, can be disbursed only by a committee of CICF made up exclusively of the Board of Trustees of The Indianapolis Foundation.

On May 16, 2012, Marion County Probate Court granted an order permitting the formation of The Indianapolis Foundation, Inc. subject to a favorable determination letter from the Internal Revenue Service granting tax exemption under Code Section 501(a) and 509(c)(3). On April 22, 2013, The Indianapolis Foundation, Inc. received the IRS federal determination letter granting tax-exempt status under Code Section 501(c)(3) and public charity status under Code Section 170(b)(1)(A)(iv). On September 30, 2013, the assets will transfer from The Indianapolis Foundation Trust to The Indianapolis Foundation, Inc. and The Indianapolis Foundation Trust will cease to exist.

One of the primary benefits of creating CICF was the ability to pool the resources of all the entities and component funds for investment purposes. While CICF actually holds the investment assets, the individual entities and certain component funds still maintain the governance over the expenditures of their respective investments. The following chart illustrates the board governance for the aforementioned entities and component funds:

Entity or Component Fund	Governing Body
Central Indiana Community Foundation, Inc. excluding the following component fund:	CICF Board of Directors
• The Indianapolis Foundation Fund	IF Board of Trustees
The Indianapolis Foundation	IF Board of Trustees
Legacy Fund, Inc.	LF Board of Governors

Funds not transferred to CICF by The Indianapolis Foundation continue to be controlled by The Indianapolis Foundation Board of Trustees and are included in these combined and consolidated financial statements. The assets of these funds as of December 31, 2012 and 2011, totaled $102,001,910 and $97,358,815, respectively. CICF is comprised of several component funds, including the Efroymson Fund, The Glick Fund, The Library Fund, Women's Fund of Central Indiana, Central Indiana Senior Fund and many others.

Several affiliated organizations are also included in these combined and consolidated financial statements due to the appointing authority of their governing body by one of the aforementioned entities. They are as follows:

Name of Entity	Controlling Organization
The William E. English Foundation, Inc.	The Indianapolis Foundation
Indianapolis Parks Foundation, Inc.	CICF
TechPoint Foundation for Youth, Inc.	CICF
McCaw Family Foundation, Inc.	CICF
Sheehan Charitable Foundation	Legacy Fund

Separate financial statements are issued for the Indianapolis Parks Foundation, Inc.

Central Indiana Community Foundation, Inc., The Indianapolis Foundation, Legacy Fund, Inc. and Affiliated Organizations are collectively referred to as "Foundation" in the remainder of these notes to the combined and consolidated financial statements.

Mission and Operations

The mission of the Foundation is to inspire, support and practice philanthropy, leadership and service in the community. The vision for Central Indiana is to be nationally respected for its ability to develop, attract and retain highly educated, creative and community-minded citizens; that it will be recognized for its superior support to those in need; and admired for being a remarkable place to live. The Foundation is committed to attracting and providing financial support and effective leadership to the community, through building trust and upholding its stewardship responsibilities.

The Foundation manages over 800 separate funds that have been donated for charitable purposes. There are several different types of funds such as unrestricted, field of interest, donor-advised, scholarship and agency funds. These funds have a significant impact on helping to meet the needs of our community through effective grantmaking.

The twenty person Board of Directors of CICF includes the following:

- Six members represent The Indianapolis Foundation Board of Trustees
- Three members represent the Legacy Fund Board of Governors
- Eleven additional members from the community-at-large nominated and selected by the CICF Board

Use of Estimates

The preparation of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Principles of Combination and Consolidation

The combined and consolidated financial statements include the financial transactions of: Central Indiana Community Foundation, Inc., The Indianapolis Foundation, Legacy Fund, Inc. and the following affiliated organizations: The William E. English Foundation, Indianapolis Parks Foundation, Inc., TechPoint Foundation for Youth, Inc., McCaw Family Foundation, Inc. and Sheehan Charitable Foundation. All material inter-organizational accounts and transactions have been eliminated.

For financial statement purposes, activities of these entities have been combined and consolidated as follows:

- Central Indiana Community Foundation, Inc. - includes the activities of CICF
- The Indianapolis Foundation - includes the activities of The Indianapolis Foundation and The Indianapolis Foundation Fund, a component fund at CICF
- Legacy Fund, Inc. - includes the activities of the Legacy Fund
- Affiliated organizations - include the activities of The William E. English Foundation, Inc., Indianapolis Parks Foundation, Inc., TechPoint Foundation for Youth, Inc., McCaw Family Foundation, Inc. and Sheehan Charitable Foundation

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all investments with an original maturity of three months or less to be cash equivalents. All of the Foundation's cash and cash equivalents are maintained as a component of the Foundation's managed portfolio and as such, are not insured by the Federal Deposit Insurance Corporation. At December 31, 2012 and 2011, cash equivalents consisted primarily of money market mutual funds.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

The Foundation also invests in certain private equity, hedge funds, real estate and natural resource funds, which are primarily held through limited partnerships. The estimated fair values of these limited partnership investments are based on valuations provided by the external investment managers or general partners, adjusted for cash receipts, disbursements and significant known valuation changes. The Foundation believes the carrying values of these investments are a reasonable estimate of fair value. Because these investments are not readily marketable and may be subject to withdrawal restrictions, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

The Foundation maintains pooled investment accounts for certain of its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. The amounts held for others are also a component of the pooled investment fund and reflect the funds held by the Foundation for the benefit of outside parties.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Foundation provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	Years
Furniture and equipment	3-7
Buildings and improvements	5-50

Amounts Held for Others

The Foundation occasionally receives contributions from other not-for-profit organizations in which the donor organization specifies itself as the beneficiary of the fund. In such instances, the Foundation records the contributed assets and any accumulated investment earnings as a liability on the combined and consolidated statement of financial position.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined and consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Income Taxes

All of the aforementioned entities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, all entities are subject to federal income tax on any unrelated business taxable income. The Foundation and its related entities file tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2009.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined and consolidated statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories primarily based on the time spent by Foundation personnel and other methods.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the combined and consolidated financial statements were available to be issued.

Note 2: Investments

The Foundation's investments are as follows:

	Fair Value 2012	Fair Value 2011
Large cap equity	$ 125,661,504	$ 105,543,226
Mid cap equity	21,250,879	18,049,122
Small cap equity	199,550	246,522
International equity	87,626,437	78,712,714
Fixed income	68,988,018	81,880,537
	303,726,388	284,432,121
Alternatives and other		
Private equity	53,623,926	58,121,822
Hedge funds	127,674,500	108,102,743
Real estate	15,003,838	16,035,175
Natural resources	33,122,573	34,162,263
	229,424,837	216,422,003
Total investments	$ 533,151,225	$ 500,854,124

Total investment return is comprised of the following:

	2012	2011
Investment income, net	$ 3,983,402	$ 3,551,585
Net realized gains	8,755,986	13,677,511
Net unrealized gains (losses)	38,804,910	(19,146,974)
Total investment return	$ 51,544,298	$ (1,917,878)

Note 3: Contributions and Grants Receivable

	Temporarily Restricted 2012	Temporarily Restricted 2011
Due within one year	$ 2,200,375	$ 2,192,642
Due in one to five years	252,450	351,730
Due in more than five years	175,000	175,000
	2,627,825	2,719,372
Less discount	(139,740)	(148,774)
	2,488,085	2,570,598
Less allowance	(133,575)	(170,372)
Total	$ 2,354,510	$ 2,400,226

The discount rates for 2012 and 2011 ranged from 0.20% to 4.73%.

Contributions and grants receivable designated for specific purposes are as follows:

	2012	2011
Endowment	$ 2,156,545	$ 2,220,766
Time restriction	197,965	179,460
Total	$ 2,354,510	$ 2,400,226

Note 4: Program-Related Investments

The Foundation owns several properties that have been donated over the years and that are used by various not-for-profit organizations. Such properties are stated at fair value based on appraisals performed on all properties. The Trustee has entered into long-term lease arrangements and charges the organizations nominal rent. Therefore, such program-related investments are not income-producing properties.

Note 5: Endowment

The Foundation's endowment consists of over 800 individual funds established for a variety of purposes. The endowment includes both funds established by donors and funds designated by the Board to function as endowments (board-designated endowment funds). The Foundation maintains variance power over all of the endowment funds (including those established by donors) as provided within the fund agreements. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

While the Foundation ultimately has variance power over all of the assets maintained in endowment funds, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed each investment strategy's respective index while assuming a moderate level of investment risk. The primary investment objective of the Fund is to achieve an annualized total return (net of fees and expenses), equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum maintaining the purchasing power of the Fund. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending. Actual returns in any given year may vary from this amount.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's ending fair value of the prior year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 7.50% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

At December 31, 2012 and 2011, the Foundation's unrestricted endowment funds were $379,660,617 and $361,781,567, respectively.

Changes in endowment net assets for the years ended December 31, 2012 and 2011, were:

	Unrestricted	
	2012	**2011**
Endowment net assets, beginning of year	$ 361,781,567	$ 384,197,602
Investment return		
Investment income	4,436,669	3,772,890
Net appreciation (depreciation)	31,250,766	(6,138,378)
Total investment return	35,687,435	(2,365,488)
Contributions	3,331,383	4,903,735
Appropriation of endowment assets for expenditure	(21,139,768)	(24,954,282)
Endowment net assets, end of year	$ 379,660,617	$ 361,781,567

Note 6: Property and Equipment

The Foundation's property and equipment are as follows:

	2012	**2011**
Buildings and improvements	$ 16,149,904	$ 12,944,488
Furnishings and equipment	2,667,939	3,014,210
	18,817,843	15,958,698
Accumulated depreciation	(11,668,537)	(11,413,526)
	7,149,306	4,545,172
Land	257,536	257,536
	$ 7,406,842	$ 4,802,708

Note 7: Beneficial Interest Trusts

The Foundation is the beneficiary under various perpetual trusts administered by an outside party. Under the terms of the trusts, the Foundation has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but never receives the assets held in trusts. The estimated value of the expected future cash flows is $13,633,014 and $12,755,987, which represents the fair value of the trusts' assets at December 31, 2012 and 2011, respectively.

Note 8: Grant and Gift Commitments

As of December 31, 2012 and 2011, the Foundation was committed to various charitable organizations for grants and commitments, payable over future years in the amounts of $9,824,232 and $11,458,867, respectively. Grant activities detailed during the years are as follows:

	2012	2011
Grants payable, beginning of year	$ 11,458,867	$ 9,110,070
Grants paid during the year		
The Indianapolis Foundation	8,604,016	14,347,246
Legacy Fund	2,991,773	2,858,027
Central Indiana Community Foundation	28,296,167	18,617,850
Affiliated Organizations	4,783,871	5,332,257
Total grants paid	44,675,827	41,155,380
Grants approved during the year		
The Indianapolis Foundation	9,051,551	13,993,648
Legacy Fund	2,441,842	3,663,097
Central Indiana Community Foundation	26,767,191	20,522,675
Affiliated Organizations	4,780,608	5,324,757
Total grants approved	43,041,192	43,504,177
Grants payable, end of year	$ 9,824,232	$ 11,458,867

Future maturities of grant and gift commitments are as follows:

2013	$ 6,783,132
2014	1,995,143
2015	1,265,696
2016	637,000
2017	637,000
Thereafter	7,000
Total grant and gift commitments	11,324,971
Amounts representing discount	(1,500,739)
	$ 9,824,232

The Foundation does approve grants with conditions; however, conditional grants are only recorded as payable when the conditions have been substantially met by the recipient. As of December 31, 2012, the Foundation had approximately $1.4 million in conditional grants outstanding.

Note 9: Annuities and Trusts Payable

The Foundation has been the recipient of several gift annuities, which require future payments to the donors or their named beneficiaries. The assets received from the donors are recorded at fair value. The Foundation has recorded a liability at December 31, 2012 and 2011 of $206,932 and $311,379, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate range of 3.8% to 8.0%.

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime.) At the end of the trust's term, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the future interest of the Foundation is recorded in the combined and consolidated statements of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the Foundation's combined and consolidated statements of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. At December 31, 2012 and 2011, this liability was $3,344,359 and $3,380,811, respectively. The present value of the estimated future payments is calculated using a discount rate range of 3.2% to 8.2% in 2012 and 2011 and applicable mortality tables.

Note 10: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2012	2011
Trust agreements	$ 8,230,253	$ 8,536,185
Support and maintenance of the English Foundation	2,298,552	2,176,261
Land held for investment	661,592	689,793
Program funds of the Indianapolis Parks Foundation	12,151,293	3,370,760
Program funds of TechPoint Foundation	126,218	54,788
Time restrictions	2,161,954	3,307,611
	$ 25,629,862	$ 18,135,398

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to:

	2012	2011
Investment in perpetuity, the income of which is expendable to support		
The Indianapolis Foundation	$ 8,930,467	$ 8,288,411
Central Indiana Community Foundation	4,744,469	4,532,747
Indianapolis Parks Foundation	503,826	384,562
TechPoint Foundation	1,113,325	1,084,302
	15,292,087	14,290,022
Land related to the English Foundation	107,536	107,536
	$ 15,399,623	$ 14,397,558

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2012	2011
Purpose or time restrictions accomplished		
Time and purpose restrictions	$ 2,728,912	$ 3,763,091
Release by third-party trustees of certain gains on operations and depreciation, English Foundation	250,050	181,802
Purpose restrictions accomplished, TechPoint	210,622	145,690
Purpose restrictions accomplished, Indianapolis Parks Foundation	3,985,367	5,403,640
Total net assets released from restrictions	$ 7,174,951	$ 9,494,223

Note 11: Employee Benefit Plans

The Foundation has a defined-contribution 403(b) pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Foundation's contributions to the plan. Contributions to this plan were $135,562 and $124,442 for 2012 and 2011, respectively.

The Foundation also has a noncontributory defined-benefit pension plan covering all employees who meet the eligibility requirements. The Foundation's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Foundation may determine to be appropriate from time to time.

In November 2010, the Board of Directors approved a resolution to amend the current plan such that current participants would continue to accrue benefits under the existing plan, but employees hired subsequent to April 2, 2011 would be ineligible for the plan and associated benefits.

The Foundation uses a December 31 measurement date for the plans. Significant balances, costs and assumptions are:

	2012	2011
Benefit obligation	$ 6,809,119	$ 5,935,257
Fair value of plan assets	3,624,017	2,893,139
Funded status	$ (3,185,102)	$ (3,042,118)
Accumulated benefit obligation	$ 5,462,322	$ 4,533,876
Amounts recognized in the combined and consolidated statements of financial position:		
Accrued benefit cost	$ 3,185,102	$ 3,042,118

Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of:

	2012	2011
Net loss	$ 1,257,308	$ 1,304,291
Prior service cost	10,823	17,039
	$ 1,268,131	$ 1,321,330

Other significant balances and costs are:

	2012	2011
Employer contributions	$ 400,535	$ 447,468
Benefits paid	93,534	60,428
Net periodic benefit costs	596,718	493,661

Other changes in plan assets and benefit obligations recognized in the change in net assets include:

	2012	2011
Amounts arising during the period		
Net (gain) loss	$ 1,270	$ 887,279
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	48,253	-
Net prior service cost	6,216	6,216

The estimated net loss and prior service cost for the defined-benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $57,179.

Significant assumptions include:

	2012	2011
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.25%	4.75%
Rate of compensation increase	4.08%	4.66%
Weighted-average assumptions used to determine benefit costs:		
Discount rate	4.75%	5.75%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	4.66%	4.69%

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the plan.

The investment strategy of the plan assets is to diversify investments so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them. The target asset allocation, which was implemented in 2011, is as follows:

U.S. equity	47%
Global ex-U.S. equity	
Developed international	15%
Emerging markets	7%
Real assets	5%
Fixed income and cash	26%

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying combined and consolidated statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include publicly traded mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy.

The fair values of the Foundation's pension plan assets at December 31, 2012 and 2011, by asset category, are as follows:

		2012 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equity funds				
U.S. equity	$ 1,701,364	$ 1,701,364	$ -	$ -
Global ex-U.S. equity	541,457	541,457	-	-
Developed international	258,593	258,593	-	-
Emerging markets	170,258	170,258	-	-
Fixed income and cash	952,345	952,345	-	-
	$ 3,624,017	$ 3,624,017	$ -	$ -

		2011 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equity funds				
U.S. equity	$ 496,587	$ 496,587	$ -	$ -
Global ex-U.S. equity	515,720	515,720	-	-
Developed international	373,636	373,636	-	-
Emerging markets	598,286	598,286	-	-
Fixed income and cash	908,910	908,910	-	-
	$ 2,893,139	$ 2,893,139	$ -	$ -

Plan assets are held by a trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. Government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2012:

2013	$ 130,000
2014	160,000
2015	190,000
2016	220,000
2017	220,000
2018 - 2022	1,480,000

Note 12: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying combined and consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2012. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Money Market Mutual Funds

Where quoted market prices are available in an active market, money market mutual funds are classified within Level 1 of the valuation hierarchy.

Investments

Large Cap Equity, Mid Cap Equity, Small Cap Equity and International Equity: Where quoted market prices are available in an active market, these securities are classified within Level 1 of the valuation hierarchy. In situations in which quoted market prices are not available, the Foundation uses net asset value (or its equivalent) as a practical expedient to estimate fair value. Funds in which the Foundation can redeem its investment at the net asset value per share at December 31 or within a reasonable period of time (generally considered to be 12 months) are classified within Level 2 and include large cap equity and international equity funds.

Fixed Income: Where quoted market prices are available in an active market, fixed income securities are classified within Level 1 of the valuation hierarchy. For fixed income securities that are not publicly traded, the pricing service may use various inputs to determine fair value. Such inputs may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications. When such valuation inputs are utilized, fixed income securities are classified within Level 2 of the valuation hierarchy.

Alternative Investments: As a practical expedient, fair value of alternative investments is determined using the net asset value (or its equivalent) supplied by the respective fund managers. Alternative investments in which the Foundation can redeem its investment at the net asset value per share at December 31 or within a reasonable period of time are classified within Level 2. Alternative investments that cannot be redeemed at net asset value at December 31 or within a reasonable period of time are classified within Level 3 of the valuation hierarchy. Private equity, hedge funds, real estate and natural resources funds are classified in either Level 2 or Level 3 based upon this determination.

Fair value determinations for Level 3 measurements of investments are the responsibility of the Finance & Operation’s office. The Finance & Operation’s office utilizes the valuations provided by fund managers to generate fair value estimates on a monthly or quarterly basis and challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting principles generally accepted in the United States of America.

Program Related Investments and Land Held for Investment

Fair value is estimated based on appraisals prepared by outside parties.

Contributions Receivable From Remainder Trusts

Fair value is estimated at the present value of the estimated expected future benefits to be received when the trust assets are distributed.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which approximates the fair value of the underlying trust assets of marketable securities. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying combined and consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011:

		2012 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds included in cash equivalents	$ 31,694,732	$ 31,694,732	$ -	$ -
Investments				
Large cap equity	125,661,504	105,055,317	20,606,187	-
Mid cap equity	21,250,879	21,250,879	-	-
Small cap equity	199,550	199,550	-	-
International equity	87,626,437	24,796,638	62,829,799	-
Fixed income	68,988,018	44,842,870	24,145,148	-
Alternatives and other				
Private equity	53,623,926	-	1,618,563	52,005,363
Hedge funds	127,674,500	-	124,079,464	3,595,036
Real estate	15,003,838	-	-	15,003,838
Natural resources	33,122,573	-	-	33,122,573
	533,151,225	196,145,254	233,279,161	103,726,810
Program-related investments	1,200,027	-	1,200,027	-
Land held for investments	1,126,592	-	1,126,592	-
Contributions receivable from remainder trusts	3,462,262	-	-	3,462,262
Beneficial interest in perpetual trusts	13,633,014	-	13,633,014	-

Central Indiana Community Foundation, Inc.
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Notes to Combined and Consolidated Financial Statements
December 31, 2012 and 2011

		2011 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds included in cash equivalents	$ 20,797,628	$ 20,797,628	$ -	$ -
Investments				
Large cap equity	105,543,226	64,260,420	41,282,806	-
Mid cap equity	18,049,122	18,049,122	-	-
Small cap equity	246,522	246,522	-	-
International equity	78,712,714	19,445,693	59,267,021	-
Fixed income	81,880,537	46,797,740	35,082,797	-
Alternatives and other				
Private equity	58,121,822	-	5,856,709	52,265,113
Hedge funds	108,102,743	-	100,047,834	8,054,909
Real estate	16,035,175	-	-	16,035,175
Natural resources	34,162,263	-	-	34,162,263
	500,854,124	148,799,497	241,537,167	110,517,460
Program-related investments	1,346,725	-	1,346,725	-
Land held for investments	1,154,793	-	1,154,793	-
Contributions receivable from remainder trusts	3,512,243	-	-	3,512,243
Beneficial interest in perpetual trusts	12,755,987	-	12,755,987	-

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined and consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Alternative Investments				Contributions Receivable From Remainder Trusts
	Private Equity	Hedge Funds	Real Estate	Natural Resources	
Balance, January 1, 2011	$ 48,489,695	$ 6,360,097	$ 9,721,992	$ 31,046,184	$ 3,667,010
Total realized and unrealized gains (losses) included in other gains on the statement of activities	4,326,739	(215,146)	526,584	3,348,653	-
Purchases, capital calls and other additions	7,475,323	1,909,958	6,648,221	5,330,753	-
Proceeds from sales and other distributions	(8,026,644)	-	(861,622)	(5,563,327)	-
Change in value of split-interest agreements	-	-	-	-	(154,767)
Balance, December 31, 2011	52,265,113	8,054,909	16,035,175	34,162,263	3,512,243
Total realized and unrealized gains (losses) included in other gains (losses) on the statement of activities	4,445,387	347,719	1,819,308	(307,837)	-
Purchases, capital calls and other additions	4,152,655	1,520,000	400,000	3,701,065	-
Proceeds from sales and other distributions	(8,857,792)	-	(3,250,645)	(4,432,918)	-
Transfers		(6,327,592)			
Change in value of split-interest agreements	-	-	-	-	(49,981)
Balance, December 31, 2012	$ 52,005,363	$ 3,595,036	$ 15,003,838	$ 33,122,573	$ 3,462,262
Total gains (losses) for the period included in the change in net assets attributable to the change in unrealized gains (losses) related to assets still held at December 31, 2012	$ 4,445,387	$ 347,719	$ 1,819,308	$ (307,837)	$ -
Total gains for the period included in the change in net assets attributable to the change in unrealized gains (losses) related to assets still held at December 31, 2011	$ 4,326,739	$ (215,146)	$ 526,584	$ 3,348,653	$ -

The Foundation occasionally recognizes transfers from Level 3 to Level 2 as a result of the expiration of fund lock-up provisions. The expiration of these provisions allows the Foundation to redeem its interest in these funds at net asset value within a reasonable period of time. Such transfers are recognized as of the end of the year.

Unobservable (Level 3) Inputs

As previously noted, the Foundation's alternative investments are valued at NAV or its equivalent and classified within the fair value hierarchy based on the Foundation's ability to redeem the fund within a reasonable period of time. Therefore, the valuation of alternative investments is considered to be based on unobservable inputs. There are no quantitative measurements (i.e. discount rates, market return rates, etc.) used to adjust NAV.

The fair value of the contributions receivable from remainder trusts is estimated at the present value of the estimated expected future benefits to be received and was $3,462,262 and $3,512,243 at December 31, 2012 and 2011, respectively. The fair value of the receivable from remainder trusts is based on unobservable inputs such as mortality tables and discount rates, which ranged from 3.2% to 8.2%.

Investments Valued at Net Asset Value

The following tables present information regarding funds with fair value that is determined using the net asset value (or its equivalent) provided by the fund.

	2012			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Large cap equity	$ 20,606,187	$ -	Quarterly, semi-annually	30-60 days
International equity	62,829,799	-	Monthly, quarterly	10-60 days
Fixed income	24,145,148	-	Monthly, quarterly	10-60 days
Alternative investments				
Private equity	49,267,863	21,774,060	Not eligible	n/a
Hedge funds	127,674,500	-	Monthly, quarterly or annually	5-90 days
Real estate	15,003,838	1,243,997	Not eligible	n/a
Natural resources	33,122,573	11,240,885	Not eligible	n/a

	2011			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Assets				
Large cap equity	$ 41,282,806	$ -	Quarterly, semi-annually	30-60 days
International equity	59,267,021	-	Monthly, quarterly	10-60 days
Fixed income	35,082,797	-	Monthly, quarterly	10-60 days
Alternative investments				
Private equity	54,956,433	23,688,691	Not eligible	n/a
Hedge funds	108,102,743	-	Monthly, quarterly or annually	5-90 days
Real estate	16,035,175	2,407,518	Not eligible	n/a
Natural resources	34,162,263	9,320,876	Not eligible	n/a

Large cap and international equity are investments in marketable securities managed within a partnership agreement. The fund manager is able to shift strategies within a specific band and may employ financing to execute such strategies, but does not use net short positions. The fair values of these investments have been estimated using the net asset value per share.

Fixed income includes various fixed income securities managed within a partnership agreement. The fair values of these investments have been estimated using the net asset value per share.

Private equity includes partnerships with fund managers investing in debt or equity securities of primarily U.S. public or private companies at various stages within their life cycle. The partnerships are either direct, fund of funds or secondary issuances across multiple strategies expected to significantly exceed performance of traditional equity indices. It is estimated that the underlying assets of the fund will be liquidated over the next 2 to 7 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Foundation's ownership interest in partners' capital.

Hedge funds include absolute return, opportunistic and equity-oriented long/short hedge funds. The Foundation is a limited partner with the fund manager who is compensated by outperforming global equity markets using multiple strategies. Managers are selected based on demonstrated expertise within their strategy but are not restricted as to securities within any asset class. The partnership may be net long [i.e. own a security] or net short [i.e. an obligation to buy a security] and have multiple sources and levels of financing beyond the partners' capital in order to execute strategy. It is estimated that the underlying assets of the fund will be liquidated over the next 1 to 3 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Foundation's ownership interest in partners' capital.

Real estate investments include partnerships that invest in residential, multi-family, commercial and distressed properties primarily in North America. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the partners' capital. It is estimated that the underlying assets of the fund will be liquidated over the next 3 to 7 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Foundation's ownership interest in partners' capital.

Natural resources include investments in partnerships that invest primarily in oil and gas royalties and timber properties. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the partners' capital. Under the terms of the partnership agreements, capital is committed for 7 to 12 years and may not be redeemed. Typically, the general partner requests capital during the initial 3 to 5 year period in order to fund activities. Distributions are made throughout and upon dissolution of the partnership. It is estimated that the underlying assets of the fund will be liquidated over the next 3 to 15 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Foundation's ownership interest in partners' capital.

Fair Value of Financial Instruments

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying combined and consolidated statements of financial position at amounts other than fair value.

Cash and Cash Equivalents: The carrying value approximates fair value.

Contributions and Grants Receivable: The carrying value approximates fair value, which is estimated using a discounted cash flow model.

Accrued Investment Income: The carrying value approximates fair value.

Gift and Grant Commitments Payable: The carrying value approximates fair value, which is estimated using a discounted cash flow model.

Annuities and Income Beneficiaries Payable: The carrying value approximates fair value, which is estimated based on the borrowing rates currently available to the Foundation for bank loans with similar terms and maturities.

Amounts Held for Others: The carrying amount approximates fair value.

Note 13: Significant Estimates, Concentrations and Contingencies

Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Approximately 49% of all contributions were received from two donors for the year ended December 31, 2011.

Contingencies

The Foundation is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of these claims and lawsuits will not have a material adverse effect on the combined and consolidated financial position, change in net assets and cash flows of the Foundation.

Pension Benefit Obligations

The Foundation has a noncontributory defined-benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Foundation invests in various investment securities including those held in the defined-benefit pension plan. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying combined and consolidated statements of financial position.

Supplementary Information

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combining and Consolidating Information - Statement of Financial Position
December 31, 2012

	2012					
	The Indianapolis Foundation (1)	Legacy Fund	Central Indiana Community Foundation	Affiliated Organizations	Eliminations	Total
Assets						
Cash and cash equivalents	$ 16,690,065	$ 2,809,831	$ 17,372,385	$ 13,609,759	$ -	$ 50,482,040
Investments, at market	190,740,843	35,360,362	298,614,911	8,435,109	-	533,151,225
Contributions and grants receivable	670,784	-	1,613,726	150,000	(80,000)	2,354,510
Accrued investment income	42,179	21,248	95,739	1,187	-	160,353
Other assets	49,810	14,940	74,145	26,302	-	165,197
Program-related investments	1,200,027	-	-	-	-	1,200,027
Land held for investment	1,126,592	-	-	-	-	1,126,592
Contributions receivable in remainder trust	174,351	1,111,522	2,176,389	-	-	3,462,262
Property and equipment, net	929,308	-	3,638,169	2,839,365	-	7,406,842
Beneficial interest in perpetual trusts	8,888,546	-	4,744,468	-	-	13,633,014
Due from other funds	145,000	-	807,432	-	(952,432)	-
Total assets	$ 220,657,505	$ 39,317,903	$ 329,137,364	$ 25,061,722	$ (1,032,432)	$ 613,142,062
Liabilities and Net Assets						
Liabilities						
Accounts payable	$ 11,343	$ 3,058	$ 199,819	$ 270,934	$ -	$ 485,154
Accrued pension and vacation	1,020,062	476,323	1,464,948	457,979	-	3,419,312
Investment fees payable	70,927	15,538	105,823	1,714	-	194,002
Grant and gift commitments payable	1,872,763	1,009,736	6,999,496	22,237	(80,000)	9,824,232
Annuities payable	11,872	-	195,060	-	-	206,932
Income beneficiaries payable	-	-	3,344,359	-	-	3,344,359
Amounts held for others	24,279,219	4,648,445	16,303,926	-	-	45,231,590
Due to other funds	-	-	719,000	233,432	(952,432)	-
Total liabilities	27,266,186	6,153,100	29,332,431	986,296	(1,032,432)	62,705,581
Net Assets						
Unrestricted	183,171,663	32,048,281	286,412,376	7,774,676	-	509,406,996
Temporarily restricted	1,289,189	1,116,522	8,648,088	14,576,063	-	25,629,862
Permanently restricted	8,930,467	-	4,744,469	1,724,687	-	15,399,623
Total net assets	193,391,319	33,164,803	299,804,933	24,075,426	-	550,436,481
Total liabilities and net assets	$ 220,657,505	$ 39,317,903	$ 329,137,364	$ 25,061,722	$ (1,032,432)	$ 613,142,062

(1) For purposes of these combining and consolidating schedules, The Indianapolis Foundation column includes The Indianapolis Foundation activities and the activities of The Indianapolis Foundation component fund held at Central Indiana Community Foundation as described in Note 1 to the combined and consolidated financial statements.

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combining and Consolidating Information - Statement of Activities
Year Ended December 31, 2012

	The Indianapolis Foundation (1)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	IF Total
Revenue and Support				
Total amounts raised	$ 7,081,700	$ -	$ -	$ 7,081,700
Less amounts for agency funds	(98,611)	-	-	(98,611)
Total contributions	6,983,089	-	-	6,983,089
Investment income, net of fees of $2,332,658	1,404,901	-	-	1,404,901
Rental and other income	515,637	-	-	515,637
Total revenue	8,903,627	-	-	8,903,627
Net assets released from restriction	1,793,785	(1,524,845)	(268,940)	-
Total revenue and support	10,697,412	(1,524,845)	(268,940)	8,903,627
Expenses				
Grant expenses	14,691,918	-	-	14,691,918
Program expenses	1,011,665	-	-	1,011,665
Management and general	607,000	-	-	607,000
Fundraising and development	404,666	-	-	404,666
Total expenses	16,715,249	-	-	16,715,249
Change in Net Assets From Operations Before Other Gains (Losses)	(6,017,837)	(1,524,845)	(268,940)	(7,811,622)
Other Gains (Losses)				
Changes in value of split-interest agreements	(1,010)	49,001	-	47,991
Net realized gain (loss) on investments	2,726,240	-	271,493	2,997,733
Net unrealized gain (loss) on investments	13,287,532	(9,697)	639,503	13,917,338
Amortization of net gain (loss) and prior service cost included in net periodic pension cost	(5,570)	-	-	(5,570)
Total other gains (losses)	16,007,192	39,304	910,996	16,957,492
Transfers and Other Changes to Net Assets	(717,742)	-	-	(717,742)
Change in Net Assets	9,271,613	(1,485,541)	642,056	8,428,128
Net Assets, Beginning of Year	173,900,050	2,774,730	8,288,411	184,963,191
Net Assets, End of Year	$ 183,171,663	$ 1,289,189	$ 8,930,467	$ 193,391,319

(1) For purposes of these combining and consolidating schedules, The Indianapolis Foundation column includes The Indianapolis Foundation activities and the activities of The Indianapolis Foundation component fund held at Central Indiana Community Foundation as described in Note 1 to the combined and consolidated financial statements.

2012

Legacy Fund			Central Indiana Community Foundation			
Unrestricted	Temporarily Restricted	LF Total	Unrestricted	Temporarily Restricted	Permanently Restricted	CICF Total
$ 2,742,117	$ 5,000	$ 2,747,117	$ 27,487,358	$ 71,374	$ -	$ 27,558,732
(55,176)	-	(55,176)	(959,088)	-	-	(959,088)
2,686,941	5,000	2,691,941	26,528,270	71,374	-	26,599,644
267,317	-	267,317	2,210,604	-	-	2,210,604
74,321	-	74,321	475,651	-	-	475,651
3,028,579	5,000	3,033,579	29,214,525	71,374	-	29,285,899
-	-	-	935,127	(732,942)	(202,185)	-
3,028,579	5,000	3,033,579	30,149,652	(661,568)	(202,185)	29,285,899
2,787,567	-	2,787,567	28,302,771	-	-	28,302,771
424,453	-	424,453	1,825,664	-	-	1,825,664
254,672	-	254,672	1,095,392	-	-	1,095,392
169,781	-	169,781	730,262	-	-	730,262
3,636,473	-	3,636,473	31,954,089	-	-	31,954,089
(607,894)	5,000	(602,894)	(1,804,437)	(661,568)	(202,185)	(2,668,190)
-	-	-	72,569	437,631	-	510,200
583,388	-	583,388	5,005,104	-	85,975	5,091,079
2,326,504	-	2,326,504	21,702,824	-	327,932	22,030,756
(2,601)	-	(2,601)	17,000	-	-	17,000
2,907,291	-	2,907,291	26,797,497	437,631	413,907	27,649,035
467,502	-	467,502	25,724	224,688	-	250,412
2,766,899	5,000	2,771,899	25,018,784	751	211,722	25,231,257
29,281,382	1,111,522	30,392,904	261,393,592	8,647,337	4,532,747	274,573,676
$ 32,048,281	$ 1,116,522	$ 33,164,803	$ 286,412,376	$ 8,648,088	$ 4,744,469	$ 299,804,933

Central Indiana Community Foundation, Inc.
The Indianapolis Foundation
Legacy Fund, Inc.
and Affiliated Organizations

Combining and Consolidating Information - Statement of Activities (Continued)
Year Ended December 31, 2012

	Affiliated Organizations			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Total amounts raised	$ 2,311,705	$ 12,931,888	$ 104,120	$ 15,347,713
Less amounts for agency funds	-	-	-	-
Total contributions	2,311,705	12,931,888	104,120	15,347,713
Investment income, net of fees of $2,332,658	64,001	25,708	10,871	100,580
Rental and other income	606,317	-	-	606,317
Total revenue	2,982,023	12,957,596	114,991	16,054,610
Net assets released from restriction	4,446,039	(4,329,975)	(116,064)	-
Total revenue and support	7,428,062	8,627,621	(1,073)	16,054,610
Expenses				
Grant expenses	4,566,863	-	-	4,566,863
Program expenses	1,284,879	-	-	1,284,879
Management and general	320,097	-	-	320,097
Fundraising and development	193,910	-	-	193,910
Total expenses	6,365,749	-	-	6,365,749
Change in Net Assets From Operations Before Other Gains (Losses)	1,062,313	8,627,621	(1,073)	9,688,861
Other Gains (Losses)				
Changes in value of split-interest agreements	-	-	-	-
Net realized gain (loss) on investments	(5,338)	61,416	27,708	83,786
Net unrealized gain (loss) on investments	123,443	285,217	121,652	530,312
Amortization of net gain (loss) and prior service cost included in net periodic pension cost	21,544	-	-	21,544
Total other gains (losses)	139,649	346,633	149,360	635,642
Transfers and Other Changes to Net Assets	100	-	-	100
Change in Net Assets	1,202,062	8,974,254	148,287	10,324,603
Net Assets, Beginning of Year	6,572,614	5,601,809	1,576,400	13,750,823
Net Assets, End of Year	$ 7,774,676	$ 14,576,063	$ 1,724,687	$ 24,075,426

2012	Combined and Consolidated			
		Temporarily	Permanently	2012
Eliminations	**Unrestricted**	**Restricted**	**Restricted**	**Totals**
$ (7,307,927)	$ 32,314,953	$ 13,008,262	$ 104,120	$ 45,427,335
-	(1,112,875)	-	-	(1,112,875)
(7,307,927)	31,202,078	13,008,262	104,120	44,314,460
-	3,946,823	25,708	10,871	3,983,402
(67,890)	1,604,036	-	-	1,604,036
(7,375,817)	36,752,937	13,033,970	114,991	49,901,898
-	7,174,951	(6,587,762)	(587,189)	-
(7,375,817)	43,927,888	6,446,208	(472,198)	49,901,898
(7,307,927)	43,041,192	-	-	43,041,192
-	4,546,661	-	-	4,546,661
(67,890)	2,209,271	-	-	2,209,271
-	1,498,619	-	-	1,498,619
(7,375,817)	51,295,743	-	-	51,295,743
-	(7,367,855)	6,446,208	(472,198)	(1,393,845)
-	71,559	486,632	-	558,191
-	8,309,394	61,416	385,176	8,755,986
-	37,440,303	275,520	1,089,087	38,804,910
-	30,373	-	-	30,373
-	45,851,629	823,568	1,474,263	48,149,460
-	(224,416)	224,688	-	272
-	38,259,358	7,494,464	1,002,065	46,755,887
-	471,147,638	18,135,398	14,397,558	503,680,594
$ -	$ 509,406,996	$ 25,629,862	$ 15,399,623	$ 550,436,481

Central Indiana Community Foundation, Inc.
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Comparison of Operating Funds Activities to Budget
Year Ended December 31, 2012

	2012					
	Actual Accrual	Cash Basis Adjustments	Actual Cash Basis	Annual Cash Budget	Over (Under) Budget	% Over (Under)
Revenue and Support						
Administrative support fees collected	$ 4,498,698	$ -	$ 4,498,698	$ 4,600,000	$ (101,302)	-2.2%
Community leadership support	594,032	-	594,032	700,000	(105,968)	-15.1%
Other board contributions	23,105	-	23,105	50,000	(26,895)	-53.8%
Other operating revenues	962,583	25,000	987,583	615,000	372,583	60.6%
Total revenue from operations	6,078,418	25,000	6,103,418	5,965,000	138,418	2.3%
Expenses						
Program and grantmaking	2,997,190	-	2,997,190	2,862,300	134,890	4.7%
Donor services and development	1,198,876	-	1,198,876	1,144,920	53,956	4.7%
Management and administrative	2,071,313	(272,998)	1,798,315	1,717,380	80,935	4.7%
Capital expenditures	-	132,051	132,051	205,700	(73,649)	-35.8%
Total expenses	6,267,379	(140,947)	6,126,432	5,930,300	196,132	3.3%
Revenue (Expense) From Operations Before Other Revenue (Expense)	(188,961)	165,947	(23,014)	34,700	(57,714)	n/a
Transfer (to) From Operating Reserve	-	-	-	(34,700)	34,700	n/a
Net revenue (expense) from operations	$ (188,961)	$ 165,947	$ (23,014)	$ -	$ (23,014)	n/a