

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

Independent Auditor's Report and Combined and Consolidated Financial Statements
December 31, 2016 and 2015

**Affiliated Organizations include:
The William E. English Foundation
Indianapolis Parks Foundation, Inc.
McCaw Family Foundation, Inc.
Nextech
Sheehan Charitable Foundation**

**Central Indiana Community Foundation, Inc.
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and Affiliated Organizations
December 31, 2016 and 2015**

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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, Inc.; Legacy Fund, Inc. and Affiliated Organizations (collectively, Foundation), which comprise the combined and consolidated statements of financial position as of December 31, 2016 and 2015, and the related combined and consolidated 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 combined and consolidated 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 combined and consolidated 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 combined and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and consolidated 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 combined and consolidated 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 combined and consolidated 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, Inc.; Legacy Fund, Inc. and Affiliated Organizations as of December 31, 2016 and 2015, and the changes in their net assets and their 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 audits 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
August 24, 2017

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

**Combined and Consolidated Statements of Financial Position
December 31, 2016 and 2015**

	2016	2015
Assets		
Cash and cash equivalents	\$ 44,758,985	\$ 61,862,666
Investments	643,201,186	603,911,766
Contributions and grants receivable	7,139,839	4,514,718
Accrued investment income	122,951	101,387
Other assets	342,691	773,316
Program-related investments	790,000	830,268
Land held for investment	627,221	756,038
Contributions receivable from remainder trusts	3,359,344	3,580,801
Property and equipment, net	6,866,939	7,579,751
Beneficial interest in perpetual trusts	14,090,580	14,081,131
	\$ 721,299,736	\$ 697,991,842
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 929,747	\$ 778,274
Accrued pension and vacation	4,053,653	3,443,449
Investment fees payable	177,451	157,217
Grant and gift commitments payable	15,774,024	11,029,971
Annuities payable	115,536	120,581
Income beneficiaries payable	2,203,434	2,296,381
Amounts held for others	68,339,334	66,323,202
Total liabilities	91,593,179	84,149,075
Net Assets		
Unrestricted	590,600,132	575,946,241
Temporarily restricted	24,152,045	22,988,696
Permanently restricted	14,954,380	14,907,830
Total net assets	629,706,557	613,842,767
Total liabilities and net assets	\$ 721,299,736	\$ 697,991,842

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

**Combined and Consolidated Statements of Activities
Years Ended December 31, 2016 and 2015**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and Support				
Total amounts raised	\$ 38,869,675	\$ 7,135,587	\$ -	\$ 46,005,262
Less amounts for agency funds	(3,245,901)	-	-	(3,245,901)
Total contributions	35,623,774	7,135,587	-	42,759,361
Investment income, net of fees of \$2,865,367 and \$3,061,756	2,860,142	11,945	4,936	2,877,023
Realized and unrealized gains (losses)	27,955,032	649,948	515,613	29,120,593
Rental and other income	2,889,852	-	-	2,889,852
Total revenue	69,328,800	7,797,480	520,549	77,646,829
Net assets released from restriction	6,648,580	(6,411,647)	(236,933)	-
Total revenue and other support	75,977,380	1,385,833	283,616	77,646,829
Expenses				
Grant expenses	50,087,661	-	-	50,087,661
Program expenses	5,926,878	-	-	5,926,878
Management and general	2,986,097	-	-	2,986,097
Fundraising and development	2,014,920	-	-	2,014,920
Total expenses	61,015,556	-	-	61,015,556
Change in Net Assets From Operations Before Other Gains (Losses)	14,961,824	1,385,833	283,616	16,631,273
Other Gains (Losses)				
Changes in value of split-interest agreements	(13,264)	(368,101)	-	(381,365)
Net gain (loss) on defined-benefit plan arising during the year	(386,118)	-	-	(386,118)
Total other gains (losses)	(399,382)	(368,101)	-	(767,483)
Transfers and Other Changes to Net Assets	91,449	145,617	(237,066)	-
Change in Net Assets	14,653,891	1,163,349	46,550	15,863,790
Net Assets, Beginning of Year	575,946,241	22,988,696	14,907,830	613,842,767
Net Assets, End of Year	\$ 590,600,132	\$ 24,152,045	\$ 14,954,380	\$ 629,706,557

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 35,767,232	\$ 4,400,058	\$ -	\$ 40,167,290
(9,383,572)	-	-	(9,383,572)
<u>26,383,660</u>	<u>4,400,058</u>	<u>-</u>	<u>30,783,718</u>
2,840,547	12,837	5,142	2,858,526
(7,373,659)	(515,390)	(537,440)	(8,426,489)
<u>1,909,488</u>	<u>-</u>	<u>-</u>	<u>1,909,488</u>
23,760,036	3,897,505	(532,298)	27,125,243
<u>6,012,062</u>	<u>(5,786,322)</u>	<u>(225,740)</u>	<u>-</u>
<u>29,772,098</u>	<u>(1,888,817)</u>	<u>(758,038)</u>	<u>27,125,243</u>
39,386,114	-	-	39,386,114
5,153,111	-	-	5,153,111
2,581,158	-	-	2,581,158
<u>1,789,920</u>	<u>-</u>	<u>-</u>	<u>1,789,920</u>
<u>48,910,303</u>	<u>-</u>	<u>-</u>	<u>48,910,303</u>
<u>(19,138,205)</u>	<u>(1,888,817)</u>	<u>(758,038)</u>	<u>(21,785,060)</u>
203,097	403,629	-	606,726
<u>140,432</u>	<u>-</u>	<u>-</u>	<u>140,432</u>
<u>343,529</u>	<u>403,629</u>	<u>-</u>	<u>747,158</u>
<u>113,128</u>	<u>129,655</u>	<u>(242,783)</u>	<u>-</u>
(18,681,548)	(1,355,533)	(1,000,821)	(21,037,902)
<u>594,627,789</u>	<u>24,344,229</u>	<u>15,908,651</u>	<u>634,880,669</u>
<u>\$ 575,946,241</u>	<u>\$ 22,988,696</u>	<u>\$ 14,907,830</u>	<u>\$ 613,842,767</u>

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

**Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ 15,863,790	\$ (21,037,902)
Items not requiring (providing) cash		
Depreciation	959,115	983,953
Loss on sale of equipment	32,363	678
Realized and unrealized (gains) losses	(29,120,593)	8,426,489
Noncash contributions - stock	(7,852,611)	(5,690,691)
Change in value of land held for investment	128,817	196,546
Change in		
Contributions and grants receivable	(2,625,121)	(2,476,118)
Accrued investment income	(21,564)	(32,320)
Contributions receivable from remainder trusts	221,457	525,273
Other assets	430,625	(435,338)
Accounts payable	151,473	452,430
Accrued pension and vacation	610,204	106,041
Investment fees payable	20,234	(241,739)
Grant and gift commitments payable	4,744,053	634,560
Annuities payable	(5,045)	(202,269)
Income beneficiaries payable	(92,947)	(356,234)
Net cash used in operating activities	<u>(16,555,750)</u>	<u>(19,146,641)</u>
Investing Activities		
Proceeds from sale of investments	113,473,237	97,077,503
Purchase of investments	(115,758,634)	(83,206,052)
Purchase of equipment	(278,666)	(286,544)
Net cash provided by (used in) investing activities	<u>(2,564,063)</u>	<u>13,584,907</u>
Financing Activity - change in amounts held for others	<u>2,016,132</u>	<u>5,301,301</u>
Decrease in Cash and Cash Equivalents	(17,103,681)	(260,433)
Cash and Cash Equivalents, Beginning of Year	<u>61,862,666</u>	<u>62,123,099</u>
Cash and Cash Equivalents, End of Year	<u>\$ 44,758,985</u>	<u>\$ 61,862,666</u>

**Central Indiana Community Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
December 31, 2016 and 2015**

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 transferred from The Indianapolis Foundation Trust to The Indianapolis Foundation, Inc.

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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:

<u>Entity or Component Fund</u>	<u>Governing Body</u>
Central Indiana Community Foundation, Inc.	CICF Board of Directors
The Indianapolis Foundation, Inc.	IF Board of Directors
Legacy Fund, Inc.	LF Board of Governors

CICF is comprised of several component funds, including the Efroymsen 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:

<u>Name of Entity</u>	<u>Controlling Organization</u>
The William E. English Foundation, Inc.	The Indianapolis Foundation, Inc.
Indianapolis Parks Foundation, Inc.	CICF
McCaw Family Foundation, Inc.	CICF
Nextech	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, Inc., 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.

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**Notes to Combined and Consolidated Financial Statements
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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, Inc. Board of Directors
- 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, Inc.; Legacy Fund, Inc. and the following affiliated organizations: The William E. English Foundation, Inc.; Indianapolis Parks Foundation, Inc.; McCaw Family Foundation, Inc. and Sheehan Charitable Foundation. All material inter-organizational accounts and transactions have been eliminated.

**Central Indiana Community Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
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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, Inc. - includes the activities of The Indianapolis Foundation, Inc.
- 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.; McCaw Family Foundation, Inc.; Nextech 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, 2016 and 2015, 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.

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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:

	<u>Years</u>
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 statements 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.

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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 2013.

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.

**Central Indiana Community Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
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Note 2: Investments

The Foundation's investments are as follows:

	Fair Value	
	2016	2015
Large cap equity	\$ 141,439,137	\$ 141,822,039
Mid cap equity	3,218,317	3,420,390
Small cap equity	10,089,605	224,518
International equity	118,946,248	115,633,234
Fixed income	100,144,777	89,709,460
	<u>373,838,084</u>	<u>350,809,641</u>
Alternatives and other		
Private equity	80,760,446	79,051,990
Hedge funds	142,221,474	131,614,042
Real estate	2,781,388	5,336,742
Natural resources	43,599,794	37,099,351
	<u>269,363,102</u>	<u>253,102,125</u>
Total investments	<u>\$ 643,201,186</u>	<u>\$ 603,911,766</u>

Note 3: Contributions and Grants Receivable

	Temporarily Restricted	
	2016	2015
Due within one year	\$ 6,819,455	\$ 4,143,765
Due in one to five years	426,000	518,700
Due in more than five years	175,000	175,000
	<u>7,420,455</u>	<u>4,837,465</u>
Less discount	(149,464)	(157,207)
	<u>7,270,991</u>	<u>4,680,258</u>
Less allowance	(131,152)	(165,540)
	<u>7,139,839</u>	<u>4,514,718</u>
Total	<u>\$ 7,139,839</u>	<u>\$ 4,514,718</u>

The discount rates for 2016 and 2015 ranged from 0.20% to 4.73%.

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

	<u>2016</u>	<u>2015</u>
Endowment	\$ 512,465	\$ 2,762,207
Time restriction	5,947,348	788,141
Projects	<u>680,026</u>	<u>964,370</u>
Total	<u>\$ 7,139,839</u>	<u>\$ 4,514,718</u>

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

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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, 2016 and 2015, the Foundation's unrestricted endowment funds were \$413,828,945 and \$396,167,718, respectively.

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Changes in endowment net assets for the years ended December 31, 2016 and 2015, were:

	Unrestricted	
	2016	2015
Endowment net assets, beginning of year	\$ 396,167,718	\$ 423,526,829
Investment return		
Investment income	3,656,209	1,866,790
Net appreciation (depreciation)	20,933,480	(4,117,355)
Total investment return	<u>24,589,689</u>	<u>(2,250,565)</u>
Contributions	19,719,728	537,434
Appropriation of endowment assets for expenditure	<u>(26,648,190)</u>	<u>(25,645,980)</u>
Endowment net assets, end of year	<u>\$ 413,828,945</u>	<u>\$ 396,167,718</u>

Note 6: Property and Equipment

The Foundation's property and equipment are as follows:

	2016	2015
Buildings and improvements	\$ 18,432,985	\$ 18,862,171
Furnishings and equipment	2,537,155	2,645,364
	<u>20,970,140</u>	<u>21,507,535</u>
Accumulated depreciation	(14,360,737)	(14,185,320)
	<u>6,609,403</u>	<u>7,322,215</u>
Land	257,536	257,536
	<u>\$ 6,866,939</u>	<u>\$ 7,579,751</u>

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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 \$14,090,580 and \$14,081,131, which represents the fair value of the trusts' assets at December 31, 2016 and 2015, respectively.

Note 8: Grant and Gift Commitments

As of December 31, 2016 and 2015, the Foundation was committed to various charitable organizations for grants and commitments, payable over future years in the amounts of \$15,774,024 and \$11,029,971, respectively. Grant activities detailed during the years are as follows:

	<u>2016</u>	<u>2015</u>
Grants payable, beginning of year	\$ 11,029,971	\$ 10,395,411
Grants paid during the year		
The Indianapolis Foundation, Inc.	15,069,229	12,947,317
Legacy Fund	5,631,405	3,355,635
Central Indiana Community Foundation	21,741,149	19,675,444
Affiliated Organizations	2,901,825	2,773,158
Total grants paid	<u>45,343,608</u>	<u>38,751,554</u>
Grants approved during the year		
The Indianapolis Foundation, Inc.	14,928,023	12,163,148
Legacy Fund	5,036,074	3,600,288
Central Indiana Community Foundation	27,221,739	19,497,064
Affiliated Organizations	2,901,825	4,125,614
Total grants approved	<u>50,087,661</u>	<u>39,386,114</u>
Grants payable, end of year	<u>\$ 15,774,024</u>	<u>\$ 11,029,971</u>

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Future maturities of grant and gift commitments are as follows:

2017	\$ 7,503,713
2018	2,675,808
2019	992,142
2020	524,142
2021	4,657,382
Thereafter	70,000
Total grant and gift commitments	16,423,187
Amounts representing discount	(649,163)
	\$ 15,774,024

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, 2016, the Foundation had approximately \$307,000 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, 2016 and 2015 of \$115,536 and \$120,581, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate range of 2.2% 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, 2016 and 2015, this liability was \$2,203,434 and \$2,296,381, respectively. The present value of the estimated future payments is calculated using a discount rate range of 1.2% to 10.0% in 2016 and 2015 and applicable mortality tables.

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Note 10: Net Assets

Temporarily Restricted Net Assets

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

	2016	2015
Trust agreements	\$ 9,954,964	\$ 9,647,210
Support and maintenance of the English Foundation	2,302,207	2,290,060
Land held for investment	627,221	641,038
Program funds of the Indianapolis Parks Foundation	3,716,963	5,529,445
Program funds of Nextech	154,500	-
Time restrictions	7,396,190	4,880,943
	<u>\$ 24,152,045</u>	<u>\$ 22,988,696</u>

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to:

	2016	2015
Investment in perpetuity, the income of which is expendable to support		
The Indianapolis Foundation, Inc.	\$ 9,376,286	\$ 9,369,437
Central Indiana Community Foundation	4,863,450	4,847,145
Indianapolis Parks Foundation	607,108	583,712
	<u>14,846,844</u>	<u>14,800,294</u>
Land related to the English Foundation	107,536	107,536
	<u>\$ 14,954,380</u>	<u>\$ 14,907,830</u>

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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.

	<u>2016</u>	<u>2015</u>
Purpose or time restrictions accomplished		
Time and purpose restrictions	\$ 3,545,256	\$ 2,318,089
Release by third-party trustees of certain gains on operations and depreciation, English Foundation	187,505	189,157
Purpose restrictions accomplished, Nextech	93,188	-
Purpose restrictions accomplished, Indianapolis Parks Foundation	<u>2,822,631</u>	<u>3,504,816</u>
Total net assets released from restrictions	<u>\$ 6,648,580</u>	<u>\$ 6,012,062</u>

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 \$187,191 and \$165,762 for 2016 and 2015, 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.

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

	<u>2016</u>	<u>2015</u>
Benefit obligation	\$ 8,869,039	\$ 7,974,000
Fair value of plan assets	<u>5,164,114</u>	<u>4,893,679</u>
Funded status	<u>\$ (3,704,925)</u>	<u>\$ (3,080,321)</u>
Accumulated benefit obligation	<u>\$ 7,506,272</u>	<u>\$ 6,698,671</u>
Amounts recognized in the combined and consolidated statements of financial position:		
Accrued benefit cost	<u>\$ 3,704,925</u>	<u>\$ 3,080,321</u>

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

	<u>2016</u>	<u>2015</u>
Net loss	<u>\$ 1,127,126</u>	<u>\$ 714,241</u>

Other significant balances and costs are:

	<u>2016</u>	<u>2015</u>
Employer contributions	\$ 200,000	\$ 200,000
Benefits paid	175,562	163,452
Net periodic benefit costs	411,719	402,323

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

	<u>2016</u>	<u>2015</u>
Amounts arising during the period		
Net (gain) loss	\$ 412,885	\$ (151,908)
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	-	7,523

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 \$0.

Significant assumptions include:

	<u>2016</u>	<u>2015</u>
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.25%	4.60%
Rate of compensation increase	3.96%	4.05%
Weighted-average assumptions used to determine benefit costs:		
Discount rate	4.60%	4.05%
Expected return on plan assets	6.50%	6.50%
Rate of compensation increase	4.05%	4.08%

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.

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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 is as follows:

U.S. equity	30%
Global ex-U.S. equity	
Developed international	7%
Emerging markets	3%
Real assets	18%
Fixed income and cash	42%

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.

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The fair values of the Foundation's pension plan assets at December 31, 2016 and 2015, by asset category, are as follows:

	2016				
	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)	Investments Measured at NAV	
Mutual funds					
Equity funds					
U.S. equity	\$ 1,523,478	\$ 1,523,478	\$ -	\$ -	\$ -
Developed international	383,479	383,479	-	-	-
Emerging markets	165,461	165,461	-	-	-
Real assets	156,329	156,329	-	-	-
Fixed income and cash	2,935,367	2,935,367	-	-	-
	<u>\$ 5,164,114</u>	<u>\$ 5,164,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2015				
	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)	Investments Measured at NAV	
Mutual funds					
Equity funds					
U.S. equity	\$ 1,680,440	\$ 1,680,440	\$ -	\$ -	\$ -
Developed international	371,134	371,134	-	-	-
Emerging markets	117,578	117,578	-	-	-
Real assets	665,742	665,742	-	-	-
Fixed income and cash	2,058,785	2,058,785	-	-	-
	<u>\$ 4,893,679</u>	<u>\$ 4,893,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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, 2016:

2017	\$	190,000
2018		210,000
2019		230,000
2020		230,000
2021		300,000
2022 - 2026		2,200,000

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. 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 are significant to the fair value of the assets or liabilities

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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, 2016. 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 fair value of the funds have been estimated using the NAV per share of the investments are included within the Investments Measured at NAV category of the valuation hierarchy.

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, net asset value and reference data market research publications. Funds in which the fair value of the funds have been estimated using the NAV per share of the investments are included within the Investments Measured at NAV category 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 fair value of the funds have been estimated using the NAV per share of the investments are included within the Investments Measured at NAV category of the valuation hierarchy.

Fair value determinations for Investments Measured at NAV 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.

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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, 2016 and 2015:

	2016				
	Fair Value	Fair Value Measurements Using			
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV ^(A)	
Money market mutual funds included in cash equivalents	\$ 27,784,272	\$ 27,784,272	\$ -	\$ -	\$ -
Investments					
Large cap equity	138,010,656	77,851,835	-	-	60,158,821
Mid cap equity	3,218,317	3,218,317	-	-	-
Small cap equity	10,089,605	10,089,605	-	-	-
International equity	118,946,248	27,737,879	-	-	91,208,369
Fixed income	103,573,258	75,776,984	-	-	27,796,274
Alternatives and other					
Private equity	80,760,446	-	-	-	80,760,446
Hedge funds	142,221,474	-	-	-	142,221,474
Real estate	2,781,388	-	-	-	2,781,388
Natural resources	43,599,794	-	-	-	43,599,794
	<u>643,201,186</u>	<u>194,674,620</u>	<u>-</u>	<u>-</u>	<u>448,526,566</u>
Program-related investments	790,000	-	790,000	-	-
Land held for investments	627,221	-	627,221	-	-
Contributions receivable from remainder trusts	3,359,344	-	-	3,359,344	-
Beneficial interest in perpetual trusts	14,090,580	-	14,090,580	-	-

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	2015				
	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)	Investments Measured at NAV ^(A)	
Money market mutual funds included in cash equivalents	\$ 25,850,174	\$ 25,850,174	\$ -	\$ -	\$ -
Investments					
Large cap equity	141,822,039	84,132,028	-	-	57,690,011
Mid cap equity	3,420,390	3,420,390	-	-	-
Small cap equity	224,518	224,518	-	-	-
International equity	115,633,234	26,485,639	-	-	89,147,595
Fixed income	89,709,460	72,524,028	-	-	17,185,432
Alternatives and other	-	-	-	-	-
Private equity	79,051,990	-	-	-	79,051,990
Hedge funds	131,614,042	-	-	-	131,614,042
Real estate	5,336,742	-	-	-	5,336,742
Natural resources	37,099,351	-	-	-	37,099,351
	<u>603,911,766</u>	<u>186,786,603</u>	<u>-</u>	<u>-</u>	<u>417,125,163</u>
Program-related investments	830,268	-	830,268	-	-
Land held for investments	756,038	-	756,038	-	-
Contributions receivable from remainder trusts	3,580,801	-	-	3,580,801	-
Beneficial interest in perpetual trusts	14,081,131	-	14,081,131	-	-

- (A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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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:

	Contributions Receivable From Remainder Trusts
Balance, January 1, 2015	\$ 4,106,074
Change in value of split-interest agreements	<u>(525,273)</u>
Balance, December 31, 2015	3,580,801
Change in value of split-interest agreements	<u>(221,457)</u>
Balance, December 31, 2016	<u><u>\$ 3,359,344</u></u>
Total gains for the period included in the change in net assets attributable to the change in unrealized gains related to assets still held at December 31, 2016	<u><u>\$ -</u></u>
Total gains for the period included in the change in net assets attributable to the change in unrealized gains related to assets still held at December 31, 2015	<u><u>\$ -</u></u>

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Unobservable (Level 3) Inputs

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 \$3,359,344 and \$3,580,801 at December 31, 2016 and 2015, 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 1.2% to 10.0%.

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.

	Fair Value	Unfunded Commitments	2016 Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Large cap equity	\$ 60,158,821	\$ -	Monthly, quarterly	1-60 days
International equity	91,208,369	-	Monthly, quarterly	10-60 days
Fixed income	27,796,274	-	Daily, monthly	2-10 days
Alternative investments				
Private equity	80,760,446	40,577,253	Not eligible	n/a
Hedge funds	142,221,474	-	Monthly, quarterly or (bi)annually	5-90 days
Real estate	2,781,388	618,333	Not eligible	n/a
Natural resources	43,599,794	9,523,782	Monthly, not eligible	5 - n/a

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	Fair Value	Unfunded Commitments	2015 Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Large cap equity	\$ 57,690,011	\$ -	Monthly, quarterly	1-60 days
International equity	89,147,595	-	Monthly, quarterly	10-60 days
Fixed income	17,185,432	-	Daily, monthly, quarterly	2-10 days
Alternative investments				
Private equity	79,051,990	33,874,703	Not eligible	n/a
Hedge funds	131,614,042	-	Monthly, quarterly or (bi)annually	5-90 days
Real estate	5,336,742	718,952	Not eligible	n/a
Natural resources	37,099,351	15,752,310	Not eligible	5-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.

**Central Indiana Community Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
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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.

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 20% and 23% of all contributions were received from one and two donors for the years ended December 31, 2016 and 2015, respectively.

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.

**Central Indiana Community Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
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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, Inc.
Legacy Fund, Inc.
and Affiliated Organizations**

**Combining and Consolidating Information - Statement of Financial Position
December 31, 2016**

	2016					
	The Indianapolis Foundation, Inc.	Legacy Fund	Central Indiana Community Foundation	Affiliated Organizations	Eliminations	Total
Assets						
Cash and cash equivalents	\$ 13,650,125	\$ 2,088,219	\$ 22,347,620	\$ 6,673,021	\$ -	\$ 44,758,985
Investments, at market	218,765,257	45,723,445	365,300,821	13,411,663	-	643,201,186
Contributions and grants receivable	3,493,375	-	3,147,050	529,414	(30,000)	7,139,839
Accrued investment income	51,480	12,879	58,289	303	-	122,951
Other assets	745	-	286,849	55,097	-	342,691
Program-related investments	790,000	-	-	-	-	790,000
Land held for investment	627,221	-	-	-	-	627,221
Contributions receivable in remainder trust	442,397	758,085	2,158,862	-	-	3,359,344
Property and equipment, net	557,052	-	4,523,219	1,786,668	-	6,866,939
Beneficial interest in perpetual trusts	9,227,130	-	4,863,450	-	-	14,090,580
Due from other funds	447,000	-	123,480	-	(570,480)	-
	<u>\$ 248,051,782</u>	<u>\$ 48,582,628</u>	<u>\$ 402,809,640</u>	<u>\$ 22,456,166</u>	<u>\$ (600,480)</u>	<u>\$ 721,299,736</u>
Liabilities and Net Assets						
Liabilities						
Accounts payable	\$ 34,384	\$ 893	\$ 107,562	\$ 786,908	\$ -	\$ 929,747
Accrued pension and vacation	1,087,087	558,642	2,050,671	357,253	-	4,053,653
Investment fees payable	61,457	16,964	98,047	983	-	177,451
Grant and gift commitments payable	417,486	807,693	14,578,845	-	(30,000)	15,774,024
Annuities payable	10,966	-	104,570	-	-	115,536
Income beneficiaries payable	-	-	2,203,434	-	-	2,203,434
Amounts held for others	29,500,217	5,477,166	33,361,951	-	-	68,339,334
Due to other funds	-	-	390,000	180,480	(570,480)	-
	<u>31,111,597</u>	<u>6,861,358</u>	<u>52,895,080</u>	<u>1,325,624</u>	<u>(600,480)</u>	<u>91,593,179</u>
Net Assets						
Unrestricted	203,000,906	40,963,185	332,393,813	14,242,228	-	590,600,132
Temporarily restricted	4,562,993	758,085	12,657,297	6,173,670	-	24,152,045
Permanently restricted	9,376,286	-	4,863,450	714,644	-	14,954,380
	<u>216,940,185</u>	<u>41,721,270</u>	<u>349,914,560</u>	<u>21,130,542</u>	<u>-</u>	<u>629,706,557</u>
Total liabilities and net assets	<u>\$ 248,051,782</u>	<u>\$ 48,582,628</u>	<u>\$ 402,809,640</u>	<u>\$ 22,456,166</u>	<u>\$ (600,480)</u>	<u>\$ 721,299,736</u>

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

**Combining and Consolidating Information - Statement of Activities
Year Ended December 31, 2016**

	The Indianapolis Foundation, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	IF Total
Revenue and Support				
Total amounts raised	\$ 20,808,457	\$ 3,037,313	\$ -	\$ 23,845,770
Less amounts for agency funds	(763,095)	-	-	(763,095)
Total contributions	20,045,362	3,037,313	-	23,082,675
Investment income, net of fees of \$2,865,367	987,561	-	-	987,561
Realized and unrealized gains	9,936,526	28,245	312,369	10,277,140
Rental and other income	1,360,465	-	-	1,360,465
Total revenue	32,329,914	3,065,558	312,369	35,707,841
Net assets released from restriction	342,572	(37,052)	(305,520)	-
Total revenue and support	32,672,486	3,028,506	6,849	35,707,841
Expenses				
Grant expenses	19,609,017	-	-	19,609,017
Program expenses	1,486,674	-	-	1,486,674
Management and general	892,005	-	-	892,005
Fundraising and development	594,667	-	-	594,667
Total expenses	22,582,363	-	-	22,582,363
Change in Net Assets From Operations Before Other Gains (Losses)	10,090,123	3,028,506	6,849	13,125,478
Other Gains (Losses)				
Changes in value of split-interest agreements	(986)	(983)	-	(1,969)
Amortization of net gain and prior service cost included in net periodic pension cost	(108,718)	-	-	(108,718)
Total other gains (losses)	(109,704)	(983)	-	(110,687)
Transfers and Other Changes to Net Assets	(2,402,550)	-	-	(2,402,550)
Change in Net Assets	7,577,869	3,027,523	6,849	10,612,241
Net Assets, Beginning of Year	195,423,037	1,535,470	9,369,437	206,327,944
Net Assets, End of Year	\$ 203,000,906	\$ 4,562,993	\$ 9,376,286	\$ 216,940,185

2016

Legacy Fund			Central Indiana Community Foundation			
Unrestricted	Temporarily Restricted	LF Total	Unrestricted	Temporarily Restricted	Permanently Restricted	CICF Total
\$ 4,748,561	\$ -	\$ 4,748,561	\$ 19,681,304	\$ 2,849,200	\$ -	\$ 22,530,504
(150,319)	-	(150,319)	(2,332,487)	-	-	(2,332,487)
4,598,242	-	4,598,242	17,348,817	2,849,200	-	20,198,017
230,971	-	230,971	1,514,135	-	-	1,514,135
1,393,232	-	1,393,232	16,216,690	433,996	176,021	16,826,707
128,803	-	128,803	766,260	-	-	766,260
6,351,248	-	6,351,248	35,845,902	3,283,196	176,021	39,305,119
32,452	(32,452)	-	3,170,232	(3,247,582)	77,350	-
6,383,700	(32,452)	6,351,248	39,016,134	35,614	253,371	39,305,119
5,200,917	-	5,200,917	29,558,487	-	-	29,558,487
489,767	-	489,767	2,354,418	-	-	2,354,418
293,860	-	293,860	1,412,648	-	-	1,412,648
195,910	-	195,910	941,761	-	-	941,761
6,180,454	-	6,180,454	34,267,314	-	-	34,267,314
203,246	(32,452)	170,794	4,748,820	35,614	253,371	5,037,805
-	(5,311)	(5,311)	(12,278)	(361,807)	-	(374,085)
(55,869)	-	(55,869)	(192,144)	-	-	(192,144)
(55,869)	(5,311)	(61,180)	(204,422)	(361,807)	-	(566,229)
(306,756)	-	(306,756)	2,800,755	145,617	(237,066)	2,709,306
(159,379)	(37,763)	(197,142)	7,345,153	(180,576)	16,305	7,180,882
41,122,564	795,848	41,918,412	325,048,660	12,837,873	4,847,145	342,733,678
\$ 40,963,185	\$ 758,085	\$ 41,721,270	\$ 332,393,813	\$ 12,657,297	\$ 4,863,450	\$ 349,914,560

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

**Combining and Consolidating Information - Statement of Activities (Continued)
Year Ended December 31, 2016**

	Affiliated Organizations			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and Support				
Total amounts raised	\$ 986,523	\$ 1,249,074	\$ -	\$ 2,235,597
Less amounts for agency funds	-	-	-	-
Total contributions	986,523	1,249,074	-	2,235,597
Investment income, net of fees of \$2,865,367	127,475	11,945	4,936	144,356
Realized and unrealized gains	408,584	187,707	27,223	623,514
Rental and other income	712,999	-	-	712,999
Total revenue	2,235,581	1,448,726	32,159	3,716,466
Net assets released from restriction	3,103,324	(3,094,561)	(8,763)	-
Total revenue and support	5,338,905	(1,645,835)	23,396	3,716,466
Expenses				
Grant expenses	3,074,410	-	-	3,074,410
Program expenses	1,596,019	-	-	1,596,019
Management and general	466,259	-	-	466,259
Fundraising and development	282,582	-	-	282,582
Total expenses	5,419,270	-	-	5,419,270
Change in Net Assets From Operations Before Other Gains (Losses)	(80,365)	(1,645,835)	23,396	(1,702,804)
Other Gains (Losses)				
Changes in value of split-interest agreements	-	-	-	-
Amortization of net gain and prior service cost included in net periodic pension cost	(29,387)	-	-	(29,387)
Total other gains (losses)	(29,387)	-	-	(29,387)
Transfers and Other Changes to Net Assets	-	-	-	-
Change in Net Assets	(109,752)	(1,645,835)	23,396	(1,732,191)
Net Assets, Beginning of Year	14,351,980	7,819,505	691,248	22,862,733
Net Assets, End of Year	\$ 14,242,228	\$ 6,173,670	\$ 714,644	\$ 21,130,542

2016		Combined and Consolidated			
Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Totals	
\$ (7,355,170)	\$ 38,869,675	\$ 7,135,587	\$ -	\$ 46,005,262	
-	(3,245,901)	-	-	(3,245,901)	
<u>(7,355,170)</u>	<u>35,623,774</u>	<u>7,135,587</u>	<u>-</u>	<u>42,759,361</u>	
-	2,860,142	11,945	4,936	2,877,023	
-	27,955,032	649,948	515,613	29,120,593	
<u>(78,675)</u>	<u>2,889,852</u>	<u>-</u>	<u>-</u>	<u>2,889,852</u>	
<u>(7,433,845)</u>	<u>69,328,800</u>	<u>7,797,480</u>	<u>520,549</u>	<u>77,646,829</u>	
-	6,648,580	(6,411,647)	(236,933)	-	
<u>(7,433,845)</u>	<u>75,977,380</u>	<u>1,385,833</u>	<u>283,616</u>	<u>77,646,829</u>	
(7,355,170)	50,087,661	-	-	50,087,661	
-	5,926,878	-	-	5,926,878	
(78,675)	2,986,097	-	-	2,986,097	
-	2,014,920	-	-	2,014,920	
<u>(7,433,845)</u>	<u>61,015,556</u>	<u>-</u>	<u>-</u>	<u>61,015,556</u>	
-	14,961,824	1,385,833	283,616	16,631,273	
-	(13,264)	(368,101)	-	(381,365)	
-	(386,118)	-	-	(386,118)	
<u>-</u>	<u>(399,382)</u>	<u>(368,101)</u>	<u>-</u>	<u>(767,483)</u>	
-	91,449	145,617	(237,066)	-	
-	14,653,891	1,163,349	46,550	15,863,790	
-	575,946,241	22,988,696	14,907,830	613,842,767	
<u>\$ -</u>	<u>\$ 590,600,132</u>	<u>\$ 24,152,045</u>	<u>\$ 14,954,380</u>	<u>\$ 629,706,557</u>	

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

**Comparison of Operating Funds Activities to Budget
Year Ended December 31, 2016**

	2016			
	Actual	Budget	Over (Under) Budget	% Over (Under)
Revenue and Support				
Administrative support fees collected	\$ 5,173,753	\$ 4,890,000	\$ 283,753	5.8%
Community leadership support	713,426	700,000	13,426	1.9%
Other operating revenues	910,316	1,032,700	(122,384)	-11.9%
Total revenue from operations	<u>6,797,495</u>	<u>6,622,700</u>	<u>174,795</u>	<u>2.6%</u>
Expenses				
Program and grant-making	3,163,258	3,244,488	(81,230)	-2.5%
Donor services and development	1,265,303	1,297,794	(32,491)	-2.5%
Management and administrative	1,897,954	1,946,693	(48,739)	-2.5%
Capital expenditures	126,205	133,725	(7,520)	-5.6%
Total expenses	<u>6,452,720</u>	<u>6,622,700</u>	<u>(169,980)</u>	<u>-2.6%</u>
Net Revenue From Operations Before				
Reconciling Items	<u>344,775</u>	<u>-</u>	<u>344,775</u>	<u>n/a</u>
Reconciling Items				
Pension accrual	189,020	-	189,020	n/a
Vacation accrual	(4,903)	-	(4,903)	n/a
Depreciation expense	168,577	-	168,577	n/a
Total reconciling items	<u>352,694</u>	<u>-</u>	<u>352,694</u>	<u>n/a</u>
Net Revenue From Operations	<u>\$ 697,469</u>	<u>\$ -</u>	<u>\$ 697,469</u>	<u>0.0%</u>