

**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, 2017 and 2016

**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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Legacy Fund, Inc.
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December 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 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
July 20, 2018

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

**Combined and Consolidated Statements of Financial Position
December 31, 2017 and 2016**

	2017	2016
Assets		
Cash and cash equivalents	\$ 69,238,467	\$ 44,758,985
Investments	710,490,715	643,201,186
Contributions and grants receivable	7,358,648	7,139,839
Accrued investment income	201,005	122,951
Other assets	390,997	342,691
Program-related investments	190,000	790,000
Land held for investment	100,834	627,221
Contributions receivable from remainder trusts	5,103,241	3,359,344
Property and equipment, net	7,131,052	6,866,939
Beneficial interest in perpetual trusts	15,759,320	14,090,580
	\$ 815,964,279	\$ 721,299,736
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 277,187	\$ 929,747
Accrued pension and vacation	4,722,858	4,053,653
Investment fees payable	133,420	177,451
Grant and gift commitments payable	14,850,410	15,774,024
Annuities payable	83,209	115,536
Income beneficiaries payable	2,281,950	2,203,434
Amounts held for others	84,033,599	68,339,334
Total liabilities	106,382,633	91,593,179
Net Assets		
Unrestricted	667,009,036	590,600,132
Temporarily restricted	25,854,547	24,152,045
Permanently restricted	16,718,063	14,954,380
Total net assets	709,581,646	629,706,557
Total liabilities and net assets	\$ 815,964,279	\$ 721,299,736

**Central Indiana Community Foundation, Inc.
The Indianapolis Foundation, Inc.
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**Combined and Consolidated Statements of Activities
Years Ended December 31, 2017 and 2016**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and Support				
Total amounts raised	\$ 46,299,798	\$ 9,003,346	\$ -	\$ 55,303,144
Less amounts for agency funds	(9,379,142)	-	-	(9,379,142)
Total contributions	36,920,656	9,003,346	-	45,924,002
Investment income, net of fees of \$2,997,912 and \$2,865,367	3,382,454	14,287	2,441	3,399,182
Realized and unrealized gains	75,436,410	1,896,049	2,140,530	79,472,989
Rental and other income	2,047,839	-	-	2,047,839
Total revenue	117,787,359	10,913,682	2,142,971	130,844,012
Net assets released from restriction	9,402,968	(9,249,933)	(153,035)	-
Total revenue and other support	127,190,327	1,663,749	1,989,936	130,844,012
Expenses				
Grant expenses	40,415,938	-	-	40,415,938
Program expenses	5,565,700	-	-	5,565,700
Management and general	2,715,514	-	-	2,715,514
Fundraising and development	1,843,219	-	-	1,843,219
Total expenses	50,540,371	-	-	50,540,371
Change in Net Assets Before Other Gains (Losses)	76,649,956	1,663,749	1,989,936	80,303,641
Other Gains (Losses)				
Changes in value of split-interest agreements	13,423	(115,658)	-	(102,235)
Changes in defined-benefit plan	(326,317)	-	-	(326,317)
Total other gains (losses)	(312,894)	(115,658)	-	(428,552)
Transfers and Other Changes to Net Assets	71,842	154,411	(226,253)	-
Change in Net Assets	76,408,904	1,702,502	1,763,683	79,875,089
Net Assets, Beginning of Year	590,600,132	24,152,045	14,954,380	629,706,557
Net Assets, End of Year	\$ 667,009,036	\$ 25,854,547	\$ 16,718,063	\$ 709,581,646

2016

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 38,869,675	\$ 7,135,587	\$ -	\$ 46,005,262
(3,245,901)	-	-	(3,245,901)
<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
2,889,852	-	-	2,889,852
<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>75,977,380</u>	<u>1,385,833</u>	<u>283,616</u>	<u>77,646,829</u>
50,087,661	-	-	50,087,661
5,926,878	-	-	5,926,878
2,959,330	-	-	2,959,330
2,014,920	-	-	2,014,920
<u>60,988,789</u>	<u>-</u>	<u>-</u>	<u>60,988,789</u>
<u>14,988,591</u>	<u>1,385,833</u>	<u>283,616</u>	<u>16,658,040</u>
(13,264)	(368,101)	-	(381,365)
(412,885)	-	-	(412,885)
<u>(426,149)</u>	<u>(368,101)</u>	<u>-</u>	<u>(794,250)</u>
<u>91,449</u>	<u>145,617</u>	<u>(237,066)</u>	<u>-</u>
14,653,891	1,163,349	46,550	15,863,790
<u>575,946,241</u>	<u>22,988,696</u>	<u>14,907,830</u>	<u>613,842,767</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.
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**Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	2017	2016
Operating Activities		
Change in net assets	\$ 79,875,089	\$ 15,863,790
Items not requiring (providing) cash		
Depreciation	907,448	959,115
Loss on sale of equipment	17,892	32,363
Realized and unrealized gains	(79,415,435)	(29,120,593)
Noncash contributions - stock	(9,360,625)	(7,852,611)
Change in value of land held for investment	(57,554)	128,817
Change in		
Contributions and grants receivable	(218,809)	(2,625,121)
Accrued investment income	(78,054)	(21,564)
Contributions receivable from remainder trusts	(1,743,897)	221,457
Other assets	(48,306)	430,625
Accounts payable	(652,560)	151,473
Accrued pension and vacation	669,205	610,204
Investment fees payable	(44,031)	20,234
Grant and gift commitments payable	(923,614)	4,744,053
Annuities payable	(32,327)	(5,045)
Income beneficiaries payable	78,516	(92,947)
Net cash used in operating activities	(11,027,062)	(16,555,750)
Investing Activities		
Proceeds from sale of investments	124,286,313	113,473,237
Purchase of investments	(103,284,581)	(115,758,634)
Purchase of equipment	(1,189,453)	(278,666)
Net cash provided by (used in) investing activities	19,812,279	(2,564,063)
Financing Activity - change in amounts held for others	15,694,265	2,016,132
Increase (Decrease) in Cash and Cash Equivalents	24,479,482	(17,103,681)
Cash and Cash Equivalents, Beginning of Year	44,758,985	61,862,666
Cash and Cash Equivalents, End of Year	\$ 69,238,467	\$ 44,758,985

**Central Indiana Community Foundation, Inc.
The Indianapolis Foundation, Inc.
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**Notes to Combined and Consolidated Financial Statements
December 31, 2017 and 2016**

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 it is not considered a private foundation. Subsequent to receiving its 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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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, 2017 and 2016, 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.

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.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through July 20, 2018, 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	
	2017	2016
Large cap equity	\$ 172,274,487	\$ 141,439,137
Mid cap equity	3,213,712	3,218,317
Small cap equity	11,649,321	10,089,605
International equity	149,388,266	118,946,248
Fixed income	102,305,836	100,144,777
	<u>438,831,622</u>	<u>373,838,084</u>
Alternatives and other		
Private equity	86,504,833	80,760,446
Hedge funds	144,181,065	142,221,474
Real estate	375,020	2,781,388
Natural resources	40,598,175	43,599,794
	<u>271,659,093</u>	<u>269,363,102</u>
Total investments	<u>\$ 710,490,715</u>	<u>\$ 643,201,186</u>

Note 3: Contributions and Grants Receivable

	Temporarily Restricted	
	2017	2016
Due within one year	\$ 6,582,747	\$ 6,819,455
Due in one to five years	870,000	426,000
Due in more than five years	175,000	175,000
	<u>7,627,747</u>	<u>7,420,455</u>
Less discount	(144,170)	(149,464)
	<u>7,483,577</u>	<u>7,270,991</u>
Less allowance	(124,929)	(131,152)
	<u>\$ 7,358,648</u>	<u>\$ 7,139,839</u>
Total	<u>\$ 7,358,648</u>	<u>\$ 7,139,839</u>

The discount rates for 2017 and 2016 ranged from 0.20% to 4.73%.

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

	2017	2016
Endowment	\$ 5,231,759	\$ 512,465
Time restriction	401,068	5,947,348
Projects	1,725,821	680,026
Total	\$ 7,358,648	\$ 7,139,839

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 Foundation 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. The primary objective of the endowment is to achieve a total return, net of fees, equal to or greater than spending, administrative fees and inflation. 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, 2017 and 2016, the Foundation's unrestricted endowment funds were \$456,887,370 and \$413,828,945, respectively.

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Changes in endowment net assets for the years ended December 31, 2017 and 2016, were:

	Unrestricted	
	2017	2016
Endowment net assets, beginning of year	\$ 413,828,945	\$ 396,167,718
Investment return		
Investment income	4,046,864	3,656,209
Net appreciation	52,348,502	20,933,480
Total investment return	<u>56,395,366</u>	<u>24,589,689</u>
Contributions	9,267,102	19,719,728
Appropriation of endowment assets for expenditure	<u>(22,604,043)</u>	<u>(26,648,190)</u>
Endowment net assets, end of year	<u><u>\$ 456,887,370</u></u>	<u><u>\$ 413,828,945</u></u>

Note 6: Property and Equipment

The Foundation's property and equipment are as follows:

	2017	2016
Buildings and improvements	\$ 19,102,583	\$ 18,432,985
Furnishings and equipment	2,557,624	2,537,155
	<u>21,660,207</u>	<u>20,970,140</u>
Accumulated depreciation	<u>(15,042,979)</u>	<u>(14,360,737)</u>
	6,617,228	6,609,403
Work in process	256,288	-
Land	<u>257,536</u>	<u>257,536</u>
	<u><u>\$ 7,131,052</u></u>	<u><u>\$ 6,866,939</u></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 \$15,759,320 and \$14,090,580, which represents the fair value of the trusts' assets at December 31, 2017 and 2016, respectively.

Note 8: Grant and Gift Commitments

As of December 31, 2017 and 2016, the Foundation was committed to various charitable organizations for grants and commitments, payable over future years in the amounts of \$14,850,410 and \$15,774,024, respectively. Grant activities detailed during the years are as follows:

	<u>2017</u>	<u>2016</u>
Grants payable, beginning of year	\$ 15,774,024	\$ 11,029,971
Grants paid during the year		
The Indianapolis Foundation, Inc.	14,440,891	15,069,229
Legacy Fund	4,436,390	5,631,405
Central Indiana Community Foundation	20,439,937	21,741,149
Affiliated Organizations	2,022,334	2,901,825
Total grants paid	<u>41,339,552</u>	<u>45,343,608</u>
Grants approved during the year		
The Indianapolis Foundation, Inc.	15,150,945	14,928,023
Legacy Fund	4,795,214	5,036,074
Central Indiana Community Foundation	18,447,445	27,221,739
Affiliated Organizations	2,022,334	2,901,825
Total grants approved	<u>40,415,938</u>	<u>50,087,661</u>
Grants payable, end of year	<u>\$ 14,850,410</u>	<u>\$ 15,774,024</u>

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Future maturities of grant and gift commitments are as follows:

2018		\$	6,708,673
2019			1,767,294
2020			1,235,378
2021			5,107,385
2022			675,500
Thereafter			52,500
Total grant and gift commitments			15,546,730
Amounts representing discount			(696,320)
			\$ 14,850,410

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, 2017, the Foundation had approximately \$239,000 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, 2017 and 2016 of \$83,209 and \$115,536, 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, 2017 and 2016, this liability was \$2,281,950 and \$2,203,434, respectively. The present value of the estimated future payments is calculated using a discount rate range of 1.2% to 10.0% in 2017 and 2016 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:

	2017	2016
Trust agreements	\$ 12,996,306	\$ 9,954,964
Support and maintenance of the English Foundation	2,500,407	2,302,207
Land held for investment	100,834	627,221
Program funds of the Indianapolis Parks Foundation	2,673,171	3,716,963
Program funds of Nextech	186,000	154,500
Time restrictions	7,397,829	7,396,190
	<u>\$ 25,854,547</u>	<u>\$ 24,152,045</u>

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to:

	2017	2016
Investment in perpetuity, the income of which is expendable to support		
The Indianapolis Foundation, Inc.	\$ 10,433,956	\$ 9,376,286
Central Indiana Community Foundation	5,492,192	4,863,450
Indianapolis Parks Foundation	684,379	607,108
	<u>16,610,527</u>	<u>14,846,844</u>
Land related to the English Foundation	107,536	107,536
	<u>\$ 16,718,063</u>	<u>\$ 14,954,380</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.

	2017	2016
Purpose or time restrictions accomplished		
Time and purpose restrictions	\$ 6,843,511	\$ 3,545,256
Release by third-party trustees of certain gains on operations and depreciation, English Foundation	289,615	187,505
Purpose restrictions accomplished, Nextech	431,077	93,188
Purpose restrictions accomplished, Indianapolis Parks Foundation	1,838,765	2,822,631
Total net assets released from restrictions	\$ 9,402,968	\$ 6,648,580

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 \$181,790 and \$187,191 for 2017 and 2016, 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>2017</u>	<u>2016</u>
Benefit obligation	\$ 9,204,705	\$ 8,869,039
Fair value of plan assets	<u>4,738,586</u>	<u>5,164,114</u>
Funded status	<u>\$ (4,466,119)</u>	<u>\$ (3,704,925)</u>
Accumulated benefit obligation	<u>\$ 7,789,744</u>	<u>\$ 7,506,272</u>
Amounts recognized in the combined and consolidated statements of financial position:		
Accrued benefit cost	<u>\$ 4,466,119</u>	<u>\$ 3,704,925</u>

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

	<u>2017</u>	<u>2016</u>
Net loss	<u>\$ 1,453,443</u>	<u>\$ 1,127,126</u>

Other significant balances and costs are:

	<u>2017</u>	<u>2016</u>
Employer contributions	\$ 200,000	\$ 200,000
Benefits paid	171,057	175,562
Other - cost of settlement	1,074,214	-
Net periodic benefit costs	634,877	411,719

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

	2017	2016
Amounts arising during the period		
Net loss	\$ 518,653	\$ 412,885
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	22,727	-
Settlement	169,609	-

The estimated net loss 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 \$54,608.

Significant assumptions include:

	2017	2016
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	3.65%	4.25%
Rate of compensation increase	3.67%	3.96%
Weighted-average assumptions used to determine benefit costs:		
Discount rate	4.25%	4.60%
Expected return on plan assets	5.80%	6.50%
Rate of compensation increase	3.96%	4.05%

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, 2017 and 2016, by asset category, are as follows:

	2017				
	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	\$ 1,376,816	\$ 1,376,816	\$ -	\$ -	\$ -
Developed international	297,572	297,572	-	-	-
Emerging markets	118,677	118,677	-	-	-
Real assets	117,357	117,357	-	-	-
Fixed income and cash	2,828,164	2,828,164	-	-	-
	<u>\$ 4,738,586</u>	<u>\$ 4,738,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	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>

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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, 2017:

2018	\$	210,000
2019		230,000
2020		240,000
2021		300,000
2022		330,000
2023 - 2027		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, 2017. 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 and Operation's office. The Finance and 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.

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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, 2017 and 2016:

	2017				
	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	\$ 46,730,426	\$ 46,730,426	\$ -	\$ -	\$ -
Investments					
Large cap equity	162,633,108	79,280,632	-	-	83,352,476
Mid cap equity	3,213,712	3,213,712	-	-	-
Small cap equity	11,649,321	11,649,321	-	-	-
International equity	149,388,266	36,654,033	-	-	112,734,233
Fixed income	102,305,836	38,735,002	-	-	63,570,834
Alternatives and other					
Private equity	86,504,833	-	-	-	86,504,833
Hedge funds	144,181,065	-	-	-	144,181,065
Real estate	375,020	-	-	-	375,020
Natural resources	40,598,175	-	-	-	40,598,175
	<u>700,849,336</u>	<u>169,532,700</u>	<u>-</u>	<u>-</u>	<u>531,316,636</u>
Program-related investments	190,000	-	190,000	-	-
Land held for investments	100,834	-	100,834	-	-
Contributions receivable from remainder trusts	5,103,241	-	-	5,103,241	-
Beneficial interest in perpetual trusts	15,759,320	-	15,759,320	-	-

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	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 ^(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	100,144,777	72,348,503	-	-	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>639,772,705</u>	<u>191,246,139</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	-	-

- (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, 2016	\$ 3,580,801
Change in value of split-interest agreements	(221,457)
Balance, December 31, 2016	3,359,344
Change in value of split-interest agreements	1,743,897
Balance, December 31, 2017	\$ 5,103,241
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, 2017	\$ -
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	\$ -

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 \$5,103,241 and \$3,359,344 at December 31, 2017 and 2016, 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%.

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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.

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Assets				
Large cap equity	\$ 83,352,476	\$ -	Monthly, quarterly	1-60 days
International equity	112,734,233	-	Monthly, quarterly	10-60 days
Fixed income	63,570,834	-	Daily, monthly	2-10 days
Alternative investments				
Private equity	86,504,833	30,035,984	Not eligible	n/a
Hedge funds	144,181,065	-	Monthly, quarterly or (bi)annually	5-90 days
Real estate	375,020	393,333	Not eligible	n/a
Natural resources	40,598,175	10,809,470	Monthly, not eligible	5 - n/a

	2016			
	Fair Value	Unfunded Commitments	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, quarterly	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	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.

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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.

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

**Notes to Combined and Consolidated Financial Statements
December 31, 2017 and 2016**

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 26% and 20% of all contributions were received from two and one donors for the years ended December 31, 2017 and 2016, 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.

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, 2017**

	2017					
	The Indianapolis Foundation, Inc.	Legacy Fund	Central Indiana Community Foundation	Affiliated Organizations	Eliminations	Total
Assets						
Cash and cash equivalents	\$ 23,548,366	\$ 4,619,080	\$ 35,787,131	\$ 5,283,890	\$ -	\$ 69,238,467
Investments, at market	248,180,370	55,943,256	392,366,437	14,000,652	-	710,490,715
Contributions and grants receivable	5,190,766	458,000	1,373,737	336,145	-	7,358,648
Accrued investment income	74,569	23,197	102,458	781	-	201,005
Other assets	91	-	365,492	25,414	-	390,997
Program-related investments	190,000	-	-	-	-	190,000
Land held for investment	100,834	-	-	-	-	100,834
Contributions receivable in remainder trust	455,552	588,376	4,059,313	-	-	5,103,241
Property and equipment, net	530,028	-	4,526,666	2,074,358	-	7,131,052
Beneficial interest in perpetual trusts	10,267,129	-	5,492,191	-	-	15,759,320
Due from other funds	412,500	-	136,889	-	(549,389)	-
Total assets	\$ 288,950,205	\$ 61,631,909	\$ 444,210,314	\$ 21,721,240	\$ (549,389)	\$ 815,964,279
Liabilities and Net Assets						
Liabilities						
Accounts payable	\$ 10,730	\$ 14,868	\$ 212,431	\$ 39,158	\$ -	\$ 277,187
Accrued pension and vacation	1,212,355	746,742	2,323,756	440,005	-	4,722,858
Investment fees payable	43,448	16,135	73,200	637	-	133,420
Grant and gift commitments payable	1,127,540	1,166,517	12,556,353	-	-	14,850,410
Annuities payable	10,694	-	72,515	-	-	83,209
Income beneficiaries payable	-	-	2,281,950	-	-	2,281,950
Amounts held for others	40,994,950	6,173,072	36,865,577	-	-	84,033,599
Due to other funds	-	-	370,000	179,389	(549,389)	-
Total liabilities	43,399,717	8,117,334	54,755,782	659,189	(549,389)	106,382,633
Net Assets						
Unrestricted	229,369,381	52,926,199	369,802,898	14,910,558	-	667,009,036
Temporarily restricted	5,747,151	588,376	14,159,442	5,359,578	-	25,854,547
Permanently restricted	10,433,956	-	5,492,192	791,915	-	16,718,063
Total net assets	245,550,488	53,514,575	389,454,532	21,062,051	-	709,581,646
Total liabilities and net assets	\$ 288,950,205	\$ 61,631,909	\$ 444,210,314	\$ 21,721,240	\$ (549,389)	\$ 815,964,279

**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, 2017**

	The Indianapolis Foundation, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	IF Total
Revenue and Support				
Total amounts raised	\$ 23,876,457	\$ 4,475,775	\$ -	\$ 28,352,232
Less amounts for agency funds	(8,068,876)	-	-	(8,068,876)
Total contributions	15,807,581	4,475,775	-	20,283,356
Investment income, net of fees of \$2,997,912	1,204,197	-	-	1,204,197
Realized and unrealized gains	25,626,197	111,262	1,327,208	27,064,667
Rental and other income	642,477	-	-	642,477
Total revenue	43,280,452	4,587,037	1,327,208	49,194,697
Net assets released from restriction	3,691,834	(3,422,296)	(269,538)	-
Total revenue and support	46,972,286	1,164,741	1,057,670	49,194,697
Expenses				
Grant expenses	17,431,897	-	-	17,431,897
Program expenses	998,800	-	-	998,800
Management and general	599,277	-	-	599,277
Fundraising and development	399,518	-	-	399,518
Total expenses	19,429,492	-	-	19,429,492
Change in Net Assets Before Other				
Gains (Losses)	27,542,794	1,164,741	1,057,670	29,765,205
Other Gains (Losses)				
Changes in value of split-interest agreements	(938)	19,417	-	18,479
Changes in defined-benefit plan	(75,903)	-	-	(75,903)
Total other gains (losses)	(76,841)	19,417	-	(57,424)
Transfers and Other Changes to Net Assets	(1,097,478)	-	-	(1,097,478)
Change in Net Assets	26,368,475	1,184,158	1,057,670	28,610,303
Net Assets, Beginning of Year	203,000,906	4,562,993	9,376,286	216,940,185
Net Assets, End of Year	\$ 229,369,381	\$ 5,747,151	\$ 10,433,956	\$ 245,550,488

2017

Legacy Fund			Central Indiana Community Foundation			
Unrestricted	Temporarily Restricted	LF Total	Unrestricted	Temporarily Restricted	Permanently Restricted	CICF Total
\$ 11,298,648	\$ -	\$ 11,298,648	\$ 17,290,017	\$ 3,276,297	\$ -	\$ 20,566,314
(256,967)	-	(256,967)	(1,053,299)	-	-	(1,053,299)
11,041,681	-	11,041,681	16,236,718	3,276,297	-	19,513,015
259,493	-	259,493	1,797,242	-	-	1,797,242
6,255,588	-	6,255,588	42,416,629	1,311,259	732,216	44,460,104
130,180	-	130,180	660,830	-	-	660,830
17,686,942	-	17,686,942	61,111,419	4,587,556	732,216	66,431,191
469,024	(469,024)	-	2,682,653	(2,805,432)	122,779	-
18,155,966	(469,024)	17,686,942	63,794,072	1,782,124	854,995	66,431,191
5,279,340	-	5,279,340	22,549,927	-	-	22,549,927
620,177	-	620,177	2,254,147	-	-	2,254,147
372,108	-	372,108	1,301,179	-	-	1,301,179
248,072	-	248,072	901,657	-	-	901,657
6,519,697	-	6,519,697	27,006,910	-	-	27,006,910
11,636,269	(469,024)	11,167,245	36,787,162	1,782,124	854,995	39,424,281
-	299,315	299,315	14,361	(434,390)	-	(420,029)
(46,752)	-	(46,752)	(188,261)	-	-	(188,261)
(46,752)	299,315	252,563	(173,900)	(434,390)	-	(608,290)
373,497	-	373,497	795,823	154,411	(226,253)	723,981
11,963,014	(169,709)	11,793,305	37,409,085	1,502,145	628,742	39,539,972
40,963,185	758,085	41,721,270	332,393,813	12,657,297	4,863,450	349,914,560
\$ 52,926,199	\$ 588,376	\$ 53,514,575	\$ 369,802,898	\$ 14,159,442	\$ 5,492,192	\$ 389,454,532

**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, 2017**

	Affiliated Organizations			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and Support				
Total amounts raised	\$ 960,188	\$ 1,251,274	\$ -	\$ 2,211,462
Less amounts for agency funds	-	-	-	-
Total contributions	960,188	1,251,274	-	2,211,462
Investment income, net of fees of \$2,997,912	121,522	14,287	2,441	138,250
Realized and unrealized gains	1,137,996	473,528	81,106	1,692,630
Rental and other income	691,907	-	-	691,907
Total revenue	2,911,613	1,739,089	83,547	4,734,249
Net assets released from restriction	2,559,457	(2,553,181)	(6,276)	-
Total revenue and support	5,471,070	(814,092)	77,271	4,734,249
Expenses				
Grant expenses	2,280,286	-	-	2,280,286
Program expenses	1,692,576	-	-	1,692,576
Management and general	520,505	-	-	520,505
Fundraising and development	293,972	-	-	293,972
Total expenses	4,787,339	-	-	4,787,339
Change in Net Assets Before Other				
Gains (Losses)	683,731	(814,092)	77,271	(53,090)
Other Gains (Losses)				
Changes in value of split-interest agreements	-	-	-	-
Changes in defined-benefit plan	(15,401)	-	-	(15,401)
Total other gains (losses)	(15,401)	-	-	(15,401)
Transfers and Other Changes to Net Assets				
	-	-	-	-
Change in Net Assets	668,330	(814,092)	77,271	(68,491)
Net Assets, Beginning of Year	14,242,228	6,173,670	714,644	21,130,542
Net Assets, End of Year	\$ 14,910,558	\$ 5,359,578	\$ 791,915	\$ 21,062,051

2017					
Eliminations	Combined and Consolidated				2017 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
\$ (7,125,512)	\$ 46,299,798	\$ 9,003,346	\$ -	\$ 55,303,144	
-	(9,379,142)	-	-	(9,379,142)	
(7,125,512)	36,920,656	9,003,346	-	45,924,002	
-	3,382,454	14,287	2,441	3,399,182	
-	75,436,410	1,896,049	2,140,530	79,472,989	
(77,555)	2,047,839	-	-	2,047,839	
(7,203,067)	117,787,359	10,913,682	2,142,971	130,844,012	
-	9,402,968	(9,249,933)	(153,035)	-	
(7,203,067)	127,190,327	1,663,749	1,989,936	130,844,012	
(7,125,512)	40,415,938	-	-	40,415,938	
-	5,565,700	-	-	5,565,700	
(77,555)	2,715,514	-	-	2,715,514	
-	1,843,219	-	-	1,843,219	
(7,203,067)	50,540,371	-	-	50,540,371	
-	76,649,956	1,663,749	1,989,936	80,303,641	
-	13,423	(115,658)	-	(102,235)	
-	(326,317)	-	-	(326,317)	
-	(312,894)	(115,658)	-	(428,552)	
-	71,842	154,411	(226,253)	-	
-	76,408,904	1,702,502	1,763,683	79,875,089	
-	590,600,132	24,152,045	14,954,380	629,706,557	
\$ -	\$ 667,009,036	\$ 25,854,547	\$ 16,718,063	\$ 709,581,646	

**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, 2017**

	2017			
	Actual	Budget	Over (Under) Budget	% Over (Under)
Revenue and Support				
Administrative support fees collected	\$ 5,428,685	\$ 5,150,000	\$ 278,685	5.4%
Community leadership support	740,325	700,000	40,325	5.8%
Other operating revenues	1,058,392	858,200	200,192	23.3%
Total revenue from operations	<u>7,227,402</u>	<u>6,708,200</u>	<u>519,202</u>	<u>7.7%</u>
Expenses				
Program and grant-making	3,361,670	3,238,850	122,820	3.8%
Donor services and development	1,344,668	1,295,540	49,128	3.8%
Management and administrative	2,017,002	1,943,310	73,692	3.8%
Capital expenditures	323,283	230,500	92,783	40.3%
Total expenses	<u>7,046,623</u>	<u>6,708,200</u>	<u>338,423</u>	<u>5.0%</u>
Net Revenue From Operations Before Reconciling Items				
	<u>180,779</u>	<u>-</u>	<u>180,779</u>	<u>n/a</u>
Reconciling Items				
Pension accrual	416,363	-	416,363	n/a
Vacation accrual	(96,368)	-	(96,368)	n/a
Depreciation expense	140,744	-	140,744	n/a
Total reconciling items	<u>460,739</u>	<u>-</u>	<u>460,739</u>	<u>n/a</u>
Net Revenue From Operations	<u><u>\$ 641,518</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 641,518</u></u>	<u><u>0.0%</u></u>