



FOELLINGER FOUNDATION
2006 ANNUAL REPORT

Growth





The Foellinger Foundation is setting a course for growth, and it sees its role as creating new ways for the people and organizations that serve the Allen County community to continue to grow as well – not for the sake of growth itself but rather for the sake of children and families in Allen County.





Executive Letter

At the Foellinger Foundation, we believe that an organization must pursue growth continually in order to move toward the fulfillment of its mission.

However, we do not define growth simply as getting bigger or gathering more resources. While these can be effective measures, they also can present false suggestions of growth. Real growth is measured by progress and impact.

By obvious measures, the Foellinger Foundation has grown considerably since Helene Foellinger and her mother, Esther, founded it in 1958. Its resources have increased, as have the funds it has available for distribution. In the past fiscal year alone, the Foundation awarded \$8.6 million in grants and distributed more than \$7.9 million in grant payments to Allen County nonprofit organizations.

But the Foundation's board and staff know that if we are to be good stewards of both the funds at our disposal and the legacy we represent, we must ensure that our effectiveness grows along with our resources.

As we look forward to next year, the Foundation's 50th anniversary, we are assessing our effectiveness. A similar process five years ago yielded our current Strategic Plan, under which we designate that 85 percent of the annual grant payments are targeted to organizations serving Allen County children and their families. The remaining 15 percent of annual grant payments focus on general community interests, allowing us to provide resources for programs and projects that may not directly serve children and families but do improve the quality of life in Allen County.

In our new fiscal year, we will examine the success of that Strategic Plan and devote attention to its refinement. Our goal is to carefully review our efforts over the past five years, learn from members of the community and continue our commitment to strengthening organizations that serve children and families in Allen County.

At the same time, we will also maintain our commitment to helping strengthen area nonprofit organizations. Efforts in that arena have included the following:

- In 2006 the Foundation established the Carl D. Rolfsen Stewardship Award in honor of longtime Foundation board member Carl Rolfsen. The inaugural award was given to Gary Yarger, who has served Goodwill Industries of Northeast Indiana for nearly two decades. As a result of Yarger's award, Goodwill Industries received a grant for \$10,000 in operating support and up to \$7,500 for special board development training.
- Since 2003, the Foundation has provided 25 grants totaling \$114,152 to help nonprofit organizations apply what they learned in our annual Ernest E. Williams Lecture Series.
- Last year the Foundation eliminated its calendar-based application timeline for Strengthening Organizations grants and removed restrictions that limited the grants to child- and family-serving organizations. Since then, the Foundation has approved nine such grants for a total of \$175,200.
- The Foundation has supported the development of Learning Circles, which bring together nonprofit leaders to share knowledge and best practices with colleagues at other nonprofit groups. Informal book discussions have also enabled growth and relationship-building among nonprofit leaders.

As you can see, the Foundation is setting a course for growth and sees its role as creating new ways for the people and organizations that serve the Allen County community to continue to grow as well – not for the sake of growth itself but rather for the sake of children and families in Allen County.



BARBARA A. BURT, *Chairman*



CHERYL K. TAYLOR, *President*



FOELLINGER FOUNDATION
2006 Annual Report

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Foellinger Foundation, Inc.
Fort Wayne, Indiana

We have audited the accompanying statements of financial position – modified cash basis of Foellinger Foundation, Inc. (the Foundation) as of August 31, 2006 and 2005, and the related statements of activities and changes in net assets – modified cash basis for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

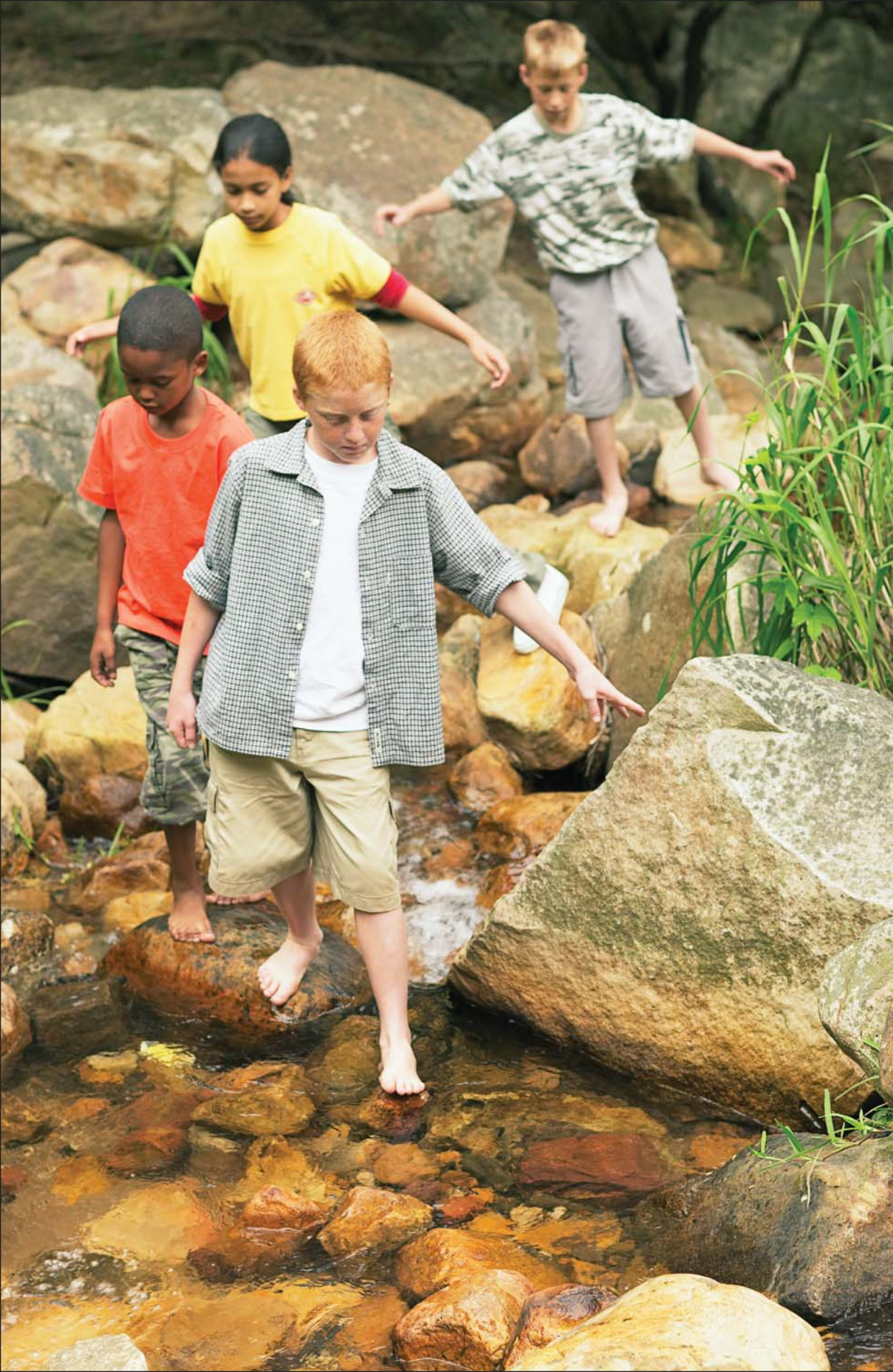
As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Foellinger Foundation, Inc. as of August 31, 2006 and 2005, and its revenue collected and expenses paid during the years then ended, on the basis of accounting described in Note 1.



Crowe Chizek and Company LLC

Fort Wayne, Indiana
September 22, 2006



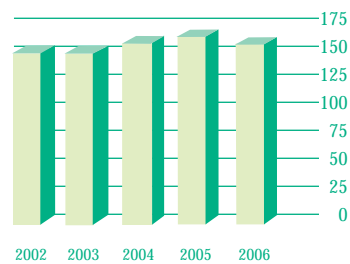


FOELLINGER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
August 31, 2006 and 2005

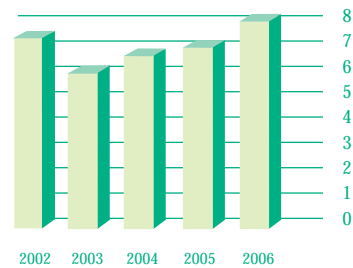
	2006	2005
ASSETS		
Cash	\$ 309,021	\$ 296,867
Investments (Note 4)	162,348,113	163,854,919
Property and equipment, at cost:		
Land	1,329,954	1,329,954
Building	2,673,383	2,671,407
Land improvements	190,985	190,985
Office furniture and equipment	331,535	326,647
	4,525,857	4,518,993
Less accumulated depreciation	1,460,640	1,363,798
	3,065,217	3,155,195
Total assets	\$165,722,351	\$167,306,981
Net assets, unrestricted (Note 1)	\$165,722,351	\$167,306,981

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

HISTORY OF MARKET VALUE OF ASSETS
Millions of Dollars



HISTORY OF GRANTS PAID
Millions of Dollars



FOELLINGER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
Years ended August 31, 2006 and 2005

	2006	2005
Support and revenue:		
Investment income	\$ 5,353,534	\$ 4,770,426
Net realized gains on sale of investments	54,770,460	45,543
Net unrealized gains (loss) on investments	(51,518,782)	7,825,783
Total support and revenue	8,605,212	12,641,752
Expenses:		
Charitable program expenditures:		
Net grant payments	7,941,560	7,200,994
Direct charitable programs	141,480	185,499
Program management	518,728	523,863
	8,601,768	7,910,356
Other expenditures:		
Investment management	503,521	317,938
General administration	491,038	464,927
	994,559	782,865
Federal excise tax	593,515	45,820
Total expenses	10,189,842	8,739,041
Change in unrestricted net assets	(1,584,630)	3,902,711
Unrestricted net assets, beginning of year	167,306,981	163,404,270
Unrestricted net assets, end of year	\$ 165,722,351	\$ 167,306,981

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization: The Foellinger Foundation, Inc. is a private charitable foundation that awards grants for the benefit of people in Fort Wayne and Allen County, Indiana. It was created in 1958 by Helene R. Foellinger, *The News-Sentinel* publisher from 1936 to 1980, and Esther A. Foellinger, her mother.

Basis of Presentation: The Foundation has elected to present its financial statements using the modified cash basis of accounting, which differs from accounting principles generally accepted in the United States of America as follows: Revenue is recognized when received rather than earned with the exception of unrealized gains and losses on investments. Expenses are recognized when paid rather than when incurred. The financial statements are not intended to comply with accounting principles generally accepted in the United States of America.

Investments: Investments are recorded at fair values based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Interest and dividends are included in revenue when received. Realized gains and losses on sales of investments are determined on the specific identification method. Unrealized gains and losses resulting from a rise or decline in market value are reflected in the Foundation's statement of activities and changes in net assets.

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 changes could materially affect the investment account balance.

Investment management expenses in statements of activities and changes in net assets – modified cash basis include approximately \$44,200 and \$47,200 for custodial fees and approximately \$288,300 and \$23,400 for investment services for the years ended August 31, 2006 and 2005, respectively.

Cash: The Foundation maintains its cash with a high credit quality financial institution. At times, such investments in cash may be in excess of the FDIC insurance limit.

Property and Equipment: Purchased assets with estimated useful lives of less than one year are expensed when purchased. Property and equipment with an estimated useful life of more than one year is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets as follows:

Office furniture	10 years
Office equipment	3-5 years
Building	40 years
Land improvements	15 years





Costs and related depreciation are removed from the accounts for assets retired from service and a gain or loss on disposition is recorded when realized. Depreciation of approximately \$96,800 and \$96,400 is included in general administration expenses for the years ended August 31, 2006 and 2005, respectively.

Estimates: The preparation of financial statements using the modified cash basis of accounting 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – TAXES

The United States Treasury Department has advised that the Foundation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation is required, however, to pay federal excise tax each year on net investment income.

NOTE 3 – GRANT COMMITMENTS

At August 31, 2006, the Foundation had approved, but not yet paid, unconditional grants and conditional future grants approximating \$7,816,200 through 2009 scheduled for payment as follows:

2007	\$4,741,200
2008	2,432,900
2009	642,100
	<u>\$7,816,200</u>

NOTE 4 – INVESTMENTS

Investment securities at fair value and at cost consisted of the following at August 31:

	2006		2005	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Short-term investments	\$ 1,355,347	\$ 1,355,347	\$ 1,590,252	\$ 1,590,252
Fixed-income investments	48,786,736	48,453,562	53,645,143	51,846,952
Equity securities	112,206,031	110,546,193	108,619,524	56,905,921
	<u>\$162,348,114</u>	<u>\$160,355,102</u>	<u>\$163,854,919</u>	<u>\$110,343,125</u>

Short-term investments as of August 31, 2006 and 2005 presented above are comprised of money market funds. The fair value of fixed-income securities as of August 31, 2006 and 2005 is comprised of approximately 30% and 29% U.S. government and agency securities, 11% and 12% taxable municipal securities and 59% corporate bonds, respectively.

NOTE 5 – RETIREMENT PLAN

The Foundation has a defined contribution pension plan for the benefit of its eligible employees. The Foundation has no fixed liability for this plan. For the years ended August 31, 2006 and 2005, the Foundation expended approximately \$51,500 and \$48,300, respectively, for its contributions to the plan.

Until this year, certain Foundation employees were also eligible to participate in a separate defined contribution 403(b). Employee participation ended during fiscal 2006. The Foundation did not contribute to this plan.





FOELLINGER FOUNDATION
2006 Annual Report

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
AIDS Task Force		
One-year operating support.	\$15,000	\$0
Allen Superior Court		
Two-year program support for Great KIDS Make Great Communities and the annual Conference on Youth.	\$170,000	\$85,000
Allen County Education Partnership		
One-year program support for Parent Literacy Enrichment.	\$115,000	\$115,000
Allen County Public Library Foundation		
Three-year program support for Young Adult Summer Reading.	\$630,000	\$210,000
American National Red Cross		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$7,850	\$7,850
Two-year program support for Multicultural Information Exchange.	\$100,000	\$55,000
ARCH		
One-year operating support.	\$8,500	\$8,500
Arthur J. Blaising Community Center dba East Allen Resource Center		
One-year program support for preschool.	\$10,000	\$10,000
Two-year program support for children and youth services.	\$125,000	\$62,500
Artlink		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$3,504	\$3,504
One-year operating support.	\$10,500	\$10,500
Arts United of Greater Fort Wayne		
One-year program support for CAP.	\$85,000	\$85,000
One-year operating support.	\$150,000	\$150,000
Associated Churches of Fort Wayne – Allen County		
Three-year capital support for construction of a food bank warehouse and office building.	\$300,000	\$0

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Big Brothers Big Sisters of Northeast Indiana		
Two-year operating support.	\$130,000	\$65,000
Boys & Girls Club of Fort Wayne		
Two-year operating support.	\$130,000	\$65,000
Catholic Charities of the Diocese of Fort Wayne – South Bend		
Three-year program support for Children's Cottage.	\$217,500	\$70,000
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
Three-year operating support.	\$315,000	\$100,000
Cedars HOPE		
One-year project support for assessment of strategic restructuring.	\$15,000	\$15,000
Center for Nonviolence		
Three-year program support for youth nonviolence.	\$112,500	\$37,500
Charis House		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$2,543	\$2,543
City of Fort Wayne		
Eighteen-month project support as fiscal sponsor for a joint Allen County and City of Fort Wayne planning project to explore the co-location of development permitting functions.	\$50,000	\$50,000
Community Foundation of Greater Fort Wayne		
One-time grant in memory of Amy Morrill for an unrestricted fund.	\$2,500	\$2,500
One-year capital support for donation of property.	\$280,000	\$0
Community Harvest Food Bank of Northeast Indiana		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
One-year program support for Kids Café.	\$30,000	\$30,000
Community Transportation Network		
One-year operating support.	\$30,000	\$30,000



FOELLINGER FOUNDATION
2006 Annual Report

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Early Childhood Alliance		
One-year operating support for Wayne Street Child Care Center.	\$85,000	\$85,000
One-year program support for training and family child care mentoring.	\$75,000	\$75,000
Two-year program support for child care and early education partnership.	\$130,000	\$65,000
Six-month project support for implementation of Idea Forum.	\$4,000	\$4,000
East Allen County Schools		
Forty-two month program support for building relationships for success for:		
Harlan Elementary School	\$45,000	\$16,364
Village Elementary School	\$45,000	\$24,800
Fifteen-month project support to enrich reading skills for:		
Harlan Elementary School (Grade 1)	\$9,000	\$9,000
Harlan Elementary School (Grades 3 and 4)	\$9,000	\$9,000
Highland Terrace Elementary School (Grades K thru 5)	\$25,000	\$25,000
Hoagland Elementary School (Grade 6)	\$9,000	\$9,000
Monroeville Elementary School (Grade 5)	\$3,000	\$3,000
New Haven Elementary School (Grade 3)	\$3,000	\$3,000
New Haven Middle School (Grades 7 and 8)	\$12,000	\$12,000
Village Elementary School (Grade Pre-K)	\$6,000	\$6,000
Village Elementary School (Grades 4 and 5)	\$18,000	\$18,000
Woodburn Elementary School (Grade 4)	\$6,000	\$6,000
Woodburn Elementary School (Grade 5)	\$6,000	\$6,000
East Wayne Street Center		
One-year operating support.	\$75,000	\$0
Easter Seals Arc of Northeast Indiana		
Three-year capital support for building renovation.	\$300,000	\$0

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Embassy Theatre Foundation		
One-year capital support for lighting system renovation.	\$50,000	\$0
Erin's House for Grieving Children		
Two-year program support for bereavement mentoring.	\$45,000	\$22,500
Euell A. Wilson Center		
Two-year program support for "Closing the Gap."	\$75,000	\$37,500
Family & Children's Service of Ft. Wayne		
Three-year program support for the Enhanced Family Service Center.	\$195,000	\$65,000
Fort Wayne Ballet		
One-year operating support.	\$22,500	\$22,500
Fort Wayne Children's Choir		
One-year program support for music education.	\$20,000	\$20,000
Fort Wayne Cinema Center		
One-year operating support.	\$16,500	\$16,500
Fort Wayne Civic Theatre		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
One-year operating support.	\$32,500	\$32,500
Fort Wayne Community Schools		
Forty-two month program support for building relationships for success for:		
Study Elementary School	\$45,000	\$25,350
Waynedale Elementary School	\$45,000	\$15,000
One-year program support for Summer Voyage.	\$161,937	\$161,937
Fifteen-month project support to enrich reading skills for:		
Holland Elementary School (Grades K thru 5)	\$25,000	\$25,000
Lindley Elementary School (Grade 3)	\$10,538	\$10,538
Snider High School (Grade 9)	\$2,800	\$2,800
Waynedale Elementary School (Grades Pre-K thru 2)	\$13,000	\$13,000
Whitney Young Early Childhood (Grade Kindergarten)	\$3,000	\$3,000
Whitney Young Early Childhood (Grades Pre-K and K)	\$15,000	\$15,000



FOELLINGER FOUNDATION
2006 Annual Report

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Fort Wayne Dance Collective		
One-year project support for literacy-based arts for preschoolers.	\$17,500	\$0
One-year operating support.	\$20,000	\$20,000
Fort Wayne Parks and Recreation Department		
Two-year capital support for Salomon Farms renovation.	\$150,000	\$0
Fort Wayne Philharmonic Orchestra		
One-year program support for preschool music.	\$17,500	\$17,500
One-year operating support.	\$80,000	\$80,000
Fort Wayne Urban League		
Three-year operating support.	\$195,000	\$0
Fort Wayne Zoological Society		
Three-year capital support for "African Journey" campaign.	\$250,000	\$0
Girl Scouts of Limerlost Council		
One time only, one-year project support for central city scouting.	\$40,000	\$0
Goodwill Industries of N.E. Indiana		
One-year operating support (\$10,000) and project support (up to \$7,500) for board governance training.	\$17,500	\$0
The Greenway Consortium		
Two-year capital support.	\$150,000	\$0
Hope House		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$3,040	\$3,040
Indiana University – Purdue University Fort Wayne		
One time only, three-year project support for Science Integration for Teaching Excellence.	\$77,061	\$25,687
One-year final project support as fiscal sponsor for ACELINK.	\$100,000	\$100,000
Interfaith Hospitality Network of Greater Fort Wayne		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$4,800	\$4,800

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Junior Achievement		
Three-year operating support.	\$225,000	\$75,000
Leadership Fort Wayne		
One-year operating support.	\$10,000	\$10,000
One-year program support for adult leadership.	\$15,000	\$15,000
League for the Blind & Disabled		
Six-month project support for implementation of Idea Forum.	\$4,000	\$4,000
Three-year program support for youth services.	\$142,000	\$0
Lifeline Youth and Family Services		
Three-year program support for Brookmill Court Apartments preschool.	\$157,500	\$50,000
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
Six-month project support for implementation of Idea Forum.	\$4,000	\$4,000
Three-year capital support for centralized campus.	\$125,000	\$0
Three-year operating support.	\$255,000	\$85,000
Literacy Alliance		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
Three-year program support for "Families Learning Together."	\$300,000	\$0
Little River Wetlands Project		
One-year program support for educational and recreational classes.	\$8,500	\$8,500
Martin Luther King Montessori School		
Two-year program support for family services.	\$85,000	\$42,500
Matthew 25		
One-year operating support.	\$30,000	\$0
Two-year capital support for building expansion.	\$200,000	\$0



FOELLINGER FOUNDATION
2006 Annual Report

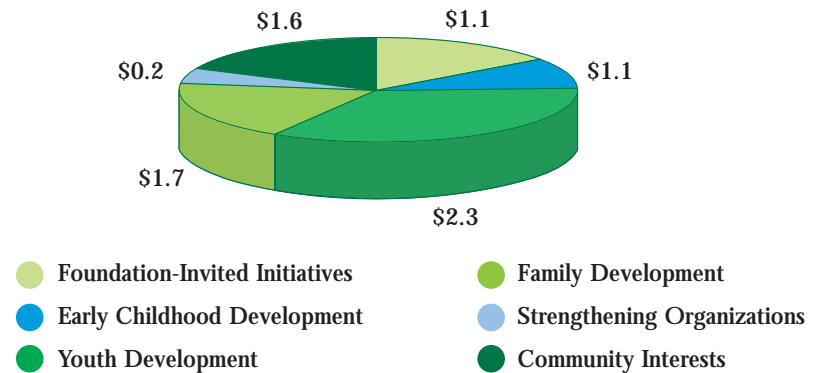
GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Metropolitan YMCA of Greater Fort Wayne		
Three-year program support for Old Fort Branch.	\$270,000	\$90,000
Three-year program support for Southeast Family Branch.	\$210,000	\$70,000
Three-year program support for Status Offender Court Alternative Program.	\$45,000	\$15,000
Mustard Seed Furniture Bank of Fort Wayne		
One-year program support.	\$10,000	\$0
National League of Cuban American Community Based Centers		
Three-year program support for Neighborhood Mentoring Program.	\$118,800	\$0
One-year program support for family educational classes.	\$25,000	\$0
Right Relations		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$2,400	\$2,400
The Salvation Army		
One-year program support.	\$37,500	\$0
Science Central		
Fiscal sponsor for seven-month project for assessment of strategic restructuring opportunities.	\$15,000	\$15,000
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
Taylor University		
One-year program support for Our Hope's Summer Clubhouse.	\$58,830	\$58,830
Turnstone Center for Disabled Children and Adults		
Two-year operating support.	\$250,000	\$125,000
United Hispanic-Americans		
One-year operating support.	\$55,000	\$0
United Way of Allen County		
One-year operating support.	\$50,000	\$0

GRANT PAYMENTS

Recipient and/or Purpose	Approved	Paid
Vincent House		
One-year project support for special training related to August 2005 Stephen R. Covey community lecture.	\$5,000	\$5,000
YWCA of Fort Wayne		
One-year program support for domestic violence services.	\$115,000	\$0
Total Grants Approved in Fiscal Year 2006		\$8,669,603
Payments on 2006 Grants		\$3,090,943
Payments on Prior Grants		\$4,934,678
Total Grant Payments in Fiscal Year 2006		\$8,025,621
Less Refunds		\$84,061
Total Net Grant Payments In Fiscal Year 2006		\$7,941,560

GRANT PAYMENTS DISTRIBUTION (MILLIONS)





FOELLINGER FOUNDATION 2006 Annual Report

THE FOUNDATION

The Foellinger Foundation, Inc. is a private charitable foundation that awards grants to nonprofit organizations that strengthen Allen County children and their families, particularly those children and families with the greatest economic need and the least opportunity. By doing so, the Foundation hopes to help children and their families move from dependence to independence. That, in turn, will strengthen our community.

The Foundation was created in 1958 by Helene R. Foellinger, *The News-Sentinel* publisher from 1936 to 1980, and Esther A. Foellinger, her mother. Its funding comes from three sources:

- Lifetime gifts from Helene Foellinger.
- Proceeds from the estates of Esther and Helene Foellinger.
- Profits from *The News-Sentinel* until it was sold in 1980.

Grant guidelines and application procedures are available for review or downloading at www.foellinger.org.



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