

2007 Foellinger Foundation

annual report

'Show me your budget,
and I'll tell you your
priorities'

During a political debate, one of the candidates said something like this: "Don't tell me what your priorities are; show me your budget and I'll tell YOU what your priorities are."

Exactly. That's what you'll find on the following pages.

Why does a private foundation publish an annual report? The main reason is to tell a story in the language of numbers - the clear, concise, unequivocal language of mathematics. Of course the Foellinger Foundation is in the people business, and numbers can't tell the whole story; but they do provide an excellent picture of the Foundation's priorities.



Grant Detail - Fiscal Year 2007

Recipient and Purpose	Approved	Paid
African/African American Historical Society		
<i>One-year operating support.</i>	22,500	0
AIDS Task Force		
<i>One-year operating support.</i>	20,000	0
Allen County Local Education Fund		
<i>Two-year program support for Parent Literacy Enrichment.</i>	240,000	120,000
Allen County Public Library Foundation		
<i>Three-year program support for the Nonprofit Resource Center.</i>	225,312	69,910
<i>One-year project support for a board governance conference.</i>	25,000	25,000
American National Red Cross		
<i>Three-year capital support.</i>	150,000	50,000
Anthony Wayne Rehabilitation Center for Handicapped and Blind		
<i>Three-year program support for summer camp.</i>	150,000	50,000
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	28,000	28,000
ARCH		
<i>One-year operating support.</i>	8,000	8,000
Artlink		
<i>One-year operating support.</i>	10,000	10,000
Arts United of Greater Fort Wayne		
<i>One-year operating support.</i>	150,000	150,000
<i>One-year program support for CAP.</i>	75,000	0
Associated Churches of Fort Wayne - Allen County		
<i>One-year project support for succession planning.</i>	7,000	7,000
BoardSource		
<i>One-year project support for membership and governance resources.</i>	43,300	43,300
Boy Scouts of America		
<i>One-year program support for Scoutreach.</i>	30,000	30,000
Cancer Services of Allen County		
<i>One-year project support for enhanced donor software and training.</i>	23,870	23,870

Recipient and Purpose	Approved	Paid
Catholic Charities		
<i>Three-year program support for ECHO.</i>	150,000	0
Community Action of Northeast Indiana		
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
<i>One-year program support for Off to a Good Start.</i>	7,650	7,650
Community Foundation of Greater Fort Wayne		
<i>Six-month project support for organizational effectiveness and technology research and report development for phase three of the Go! Guide project.</i>	47,940	47,940
Community Harvest Food Bank of Northeast Indiana		
<i>One-year operating support.</i>	30,000	30,000
<i>One-year project support to develop an evaluation tool to measure hunger alleviation.</i>	25,000	25,000
Community Transportation Network		
<i>One-year operating support.</i>	30,000	30,000
Cornerstone Youth Center		
<i>One-year operating support.</i>	40,000	40,000
Early Childhood Alliance		
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	30,000	30,000
<i>One-year capital support.</i>	35,000	35,000
<i>Two-year operating support.</i>	350,000	175,000
<i>Six-month phase one project support as fiscal sponsor for Martin Luther King School strategic restructuring.</i>	25,000	25,000
East Allen County Schools		
<i>Three-year program support for Summer Centers.</i>	870,000	290,000
East Wayne Street Center		
<i>One-year operating support.</i>	75,000	0
Easter Seals ARC of Northeast Indiana		
<i>Eighteen-month project support for organizational assessment and succession planning.</i>	25,000	25,000
Fort Wayne Area Youth for Christ		
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
<i>Three-year program support for Positive Life Choices.</i>	150,000	0
Fort Wayne Ballet		
<i>One-year operating support.</i>	22,500	22,500

Recipient and Purpose	Approved	Paid
Fort Wayne Children's Choir <i>One-year operating support.</i>	15,000	0
Fort Wayne Cinema Center <i>One-year operating support.</i>	12,000	0
Fort Wayne Civic Theatre <i>One-year operating support.</i>	40,000	40,000
Fort Wayne Community Schools <i>Three-year program support for Summer Voyage.</i>	664,200	221,400
Fort Wayne Dance Collective <i>One time only, two-year program support for Three Rivers Jenbe' Ensemble.</i>	75,000	40,000
<i>One-year operating support.</i>	20,000	20,000
<i>One-year program support for literacy-based arts education.</i>	17,500	17,500
Fort Wayne Healthy Cities Committee <i>Fiscal sponsor for one-year program support for Drive Alive campaign.</i>	10,000	0
Fort Wayne Medical Society Foundation <i>Fiscal sponsor for six-month project support for generational assessment and training for Healthier Moms and Babies.</i>	5,200	5,200
<i>Fiscal sponsor for one-year program support for Healthier Moms and Babies.</i>	45,000	0
Fort Wayne Museum of Art <i>One-year operating support.</i>	89,000	89,000
Fort Wayne Philharmonic Orchestra <i>One-year operating support.</i>	75,000	75,000
<i>One-year program support for Preschool music.</i>	17,500	17,500
<i>One-year operating support (\$10,000) and project support (up to \$7,500) for special training in one of the ten basic responsibilities of boards.</i>	17,500	0
Fort Wayne Public Television <i>Two-year program support for Ready to Learn/Ready to Lead in Literacy.</i>	45,000	0
Fort Wayne Urban League <i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	29,975	29,975
Fort Wayne Women's Bureau <i>One-year project support to increase fundraising capacity.</i>	16,700	16,700

Recipient and Purpose	Approved	Paid
Gingerbread House		
<i>One-year operating support.</i>	25,000	25,000
Harold W. McMillen Center for Health Education		
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	13,000	13,000
Headwaters Park Alliance		
<i>One-year project support for strategic planning.</i>	12,500	12,500
Homebound Meals		
<i>One-year program support for meal delivery to the homebound.</i>	6,000	6,000
Interfaith Hospitality Network of Greater Fort Wayne		
<i>One-year operating support.</i>	25,000	0
<i>One-year project support for strategic restructuring.</i>	25,000	25,000
Junior Achievement of Northern Indiana		
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	29,875	29,875
Leadership Fort Wayne		
<i>One-year program support for adult leadership.</i>	10,000	10,000
<i>One-year project support for strategic and succession planning.</i>	25,000	20,000
<i>Three-year program support for youth leadership development.</i>	45,000	0
Lifeline Youth and Family Services		
<i>Three-year program support for Independent Living.</i>	210,000	35,000
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	30,000	30,000
Literacy Alliance		
<i>One-year project support for strategic planning.</i>	5,000	5,000
Lutheran Social Services of Indiana		
<i>Two-year operating support.</i>	140,000	0
<i>Three-year program support for ECHO.</i>	120,000	40,000
<i>Two-year program support for Children's Village.</i>	60,000	30,000
Martin Luther King Montessori School		
<i>Two-year operating support</i>	120,000	0

Recipient and Purpose	Approved	Paid
Metropolitan YMCA of Greater Fort Wayne		
<i>One-year program support for Family Support Conferencing.</i>	40,000	0
<i>Six-month project support for Phase II of the Idea Forums.</i>	4,690	4,690
National League of Cuban American Community Based Centers		
<i>Two-year program support for family educational classes.</i>	50,000	0
New Haven Area Heritage Association		
<i>One-year capital support for rehabilitation of New Haven's historic Wabash Railroad Depot.</i>	45,000	0
Northeast Indiana Innovation Center		
<i>Eighteen-month project support for board governance training and restructuring.</i>	24,317	0
Power House Youth Center		
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
<i>One-year capital support.</i>	50,000	50,000
<i>Three-year operating support.</i>	105,000	35,000
Public Broadcasting of Northeast Indiana / Northeast Indiana Public Radio		
<i>One-year project support for development of a comprehensive business plan.</i>	25,000	25,000
Purdue University		
<i>One-year program support for Allen County Extension 4-H after-school enrichment.</i>	16,260	0
Right Relations		
<i>One-year project support to increase fundraising capacity.</i>	12,000	12,000
Science Central		
<i>One-year operating support.</i>	25,000	0
<i>One-year project support for strategic planning and fundraising training.</i>	25,000	25,000
St. Joseph River Watershed Initiative		
<i>One-year project support for strategic planning.</i>	19,240	19,240
Taylor University		
<i>Three-year program support for Summer Clubhouse.</i>	766,500	245,500
<i>Three-year program support for Allen County Post-secondary Education Consortium.</i>	423,000	138,000
<i>One-year project support for program planning and staff development.</i>	14,150	14,150
Teach Our Children Fund		
<i>One-year operating support.</i>	15,000	0

Recipient and Purpose	Approved	Paid
Turnstone Center for Disabled Children and Adults		
<i>Eighteen-month project support for analysis and development of a comprehensive human resources evaluation system.</i>	21,440	0
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	27,886	27,886
United Hispanic-Americans		
<i>One-year operating support.</i>	55,000	0
United Way of Allen County		
<i>Eighteen-month project support for organizational assessment and planning.</i>	25,000	0
<i>One-year operating support.</i>	50,000	0
Vincent House		
<i>One-year program support for child care.</i>	25,000	25,000
Visiting Nurse and Hospice Home		
<i>One-year project support to improve organizational effectiveness through implementation of internet applications.</i>	11,133	11,133
Wellspring Interfaith Social Services		
<i>Two-year operating support.</i>	300,000	0
YWCA of Fort Wayne		
<i>One-year program support for domestic violence services.</i>	115,000	0
<i>Six-month project support for generational assessment and training.</i>	5,200	5,200
Total Grants Approved in Fiscal Year 2007	7,538,838	
Payments on 2007 Grants		2,915,619
Payments on Prior Grants		4,866,216
Total Grant Payments in Fiscal Year 2007		7,781,835
Less: Refunds		82,940
Total Net Grant Payments in Fiscal Year 2007		7,698,895

FOELLINGER FOUNDATION, INC.

**FINANCIAL STATEMENTS
MODIFIED CASH BASIS**

August 31, 2007 and 2006

FOELLINGER FOUNDATION, INC.
Fort Wayne, Indiana

FINANCIAL STATEMENTS
MODIFIED CASH BASIS
August 31, 2007 and 2006

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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, 2007 and 2006, 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, 2007 and 2006, and its revenue collected and expenses paid during the years then ended, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Crowe Chizek and Company LLC".

Crowe Chizek and Company LLC

Fort Wayne, Indiana
October 30, 2007

**FINANCIAL STATEMENTS
MODIFIED CASH BASIS**

FOELLINGER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
August 31, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
Cash	\$ 57,000	\$ 309,021
Investments (Note 4)	176,354,182	162,348,113
Property and equipment, at cost:		
Land	851,836	1,329,954
Building and building improvements	2,686,057	2,673,383
Land improvements	190,985	190,985
Office furniture and equipment	<u>290,830</u>	<u>331,535</u>
	4,019,708	4,525,857
Less accumulated depreciation	<u>1,506,070</u>	<u>1,460,640</u>
	<u>2,513,638</u>	<u>3,065,217</u>
Total assets	<u>\$ 178,924,820</u>	<u>\$ 165,722,351</u>
Net assets, unrestricted (Note 1)	<u>\$ 178,924,820</u>	<u>\$ 165,722,351</u>

See accompanying notes to financial statements.

FOELLINGER FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
 Years ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Support and revenue:		
Investment income	\$ 4,122,987	\$ 4,850,013
Net realized gains on sale of investments	4,350,770	54,770,460
Net unrealized gains (losses) on investments	<u>13,794,153</u>	<u>(51,518,782)</u>
Total support and revenue	<u>22,267,910</u>	<u>8,101,691</u>
Expenses:		
Charitable program expenditures:		
Net grant payments	7,698,895	7,941,560
Direct charitable programs	143,889	141,480
Program management	<u>505,468</u>	<u>518,728</u>
	8,348,252	8,601,768
Other expenditures:		
General administration	641,274	491,038
Federal excise tax	<u>75,915</u>	<u>593,515</u>
Total expenses	<u>9,065,441</u>	<u>9,686,321</u>
Change in unrestricted net assets	13,202,469	(1,584,630)
Unrestricted net assets, beginning of year	<u>165,722,351</u>	<u>167,306,981</u>
Unrestricted net assets, end of year	<u>\$ 178,924,820</u>	<u>\$ 165,722,351</u>

See accompanying notes to financial statements.

FOELLINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
August 31, 2007 and 2006

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 income in the statements of activities and changes in net assets – modified cash basis is reported net of related investment expenses of approximately \$41,700 and \$44,200 for custodial fees and approximately \$854,000 and \$288,300 for investment services for the years ended August 31, 2007 and 2006, 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

(Continued)

FOELLINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
August 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 \$92,200 and \$96,800 is included in general administration expenses for the years ended August 31, 2007 and 2006, 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.

Reclassification: Certain prior year amounts have been reclassified to conform to current year presentation. There is no effect on the change in unrestricted net assets as a result of this reclassification.

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, 2007, the Foundation had approved, but not yet paid, unconditional grants and conditional future grants approximating \$7,573,200 through 2010 scheduled for payment as follows:

2008	\$ 5,017,300
2009	2,323,600
2010	<u>232,300</u>
	<u>\$ 7,573,200</u>

(Continued)

FOELLINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
August 31, 2007 and 2006

NOTE 4 – INVESTMENTS

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

	2007		2006	
	Fair Value	Cost	Fair Value	Cost
Short-term investments	\$ 1,416,181	\$ 1,416,181	\$ 1,355,347	\$ 1,355,347
Fixed-income investments	48,851,188	49,024,856	48,786,736	48,453,562
Equity securities	126,086,813	110,125,981	112,206,031	110,546,193
	<u>\$ 176,354,182</u>	<u>\$ 160,567,018</u>	<u>\$ 162,348,114</u>	<u>\$ 160,355,102</u>

Short-term investments as of August 31, 2007 and 2006 presented above are comprised of money market funds. The fair value of fixed-income securities as of August 31, 2007 and 2006 is comprised of approximately 44% and 30% U.S. government and agency securities, 16% and 11% taxable municipal securities and 40% 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, 2007 and 2006, the Foundation expended approximately \$64,800 and \$51,500, respectively, for its contributions to the plan.

Until fiscal 2006 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.