



Foellinger Foundation
2016 ANNUAL REPORT

From Helene Foellinger's collection:
NORTH AMERICAN WILD FLOWERS

Artist :

MARY VAUX WALCOTT

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WASHINGTON, DC

1925



AMERICAN PASQUEFLOWER

Pulsatilla ludoviciana (Nuttall) Heller

The hairy basal leaves of the pasqueflower, growing directly from the root, and also a whorl of stem leaves, borne at the middle of the flower stalk, develop quickly after the flowers have faded. The seeds, each provided with a curved silky tail, remain attached to the head until ripe, when they are scattered by the winds.

The pasqueflower ranges throughout the prairie and Rocky Mountain States and the provinces of western Canada.

The specimen sketched was obtained in midsummer at Ghost River, twenty-five miles from Banff, Alberta, at an altitude of 4,500 feet.

Our mission

Foellinger Foundation provides grants, technical assistance, and other forms of support to strengthen organizations that serve children and their families within Allen County, particularly those that serve individuals with the greatest economic need and the least opportunity.

Contents

- 2 About the founders
- 2 Board and staff listings
- 3 Barbara Burt Leadership Development Fund
- 3 Stewardship award
- 3 Ernest E. Williams Lecture

- 4 2016 Grantees
- 12 History of assets and grants paid
- 13 Grant approvals and payments
- 15 Foundation audit

About the Founders

The Foellinger Foundation is a private, charitable foundation that awards grants to nonprofit organizations that strengthen Allen County children and their families, particularly those with the greatest need and the least opportunity.

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
- Contributions from the News Publishing Company until *The News-Sentinel* was sold in 1980.



2016 Board Members

Helen J. Murray

Chair

Carolyn R. Hughes

Vice Chair and Secretary

Sarah M. Strimmenos

Treasurer

Cheryl K. Taylor

President and CEO

David A. Bobilya

Mary A. McDonald

Michael C. Moellering

Todd C. Rumsey, M.D.

Staff Members

Shari L. Clemens

Grants Associate

Dawn R. Martz

Senior Program Officer

Darryl R. Olson

Chief Financial Officer

Terry K. Stevens

Executive & Program Specialist

Jodi L. Zahm

Office Assistant

Barbara Burt Leadership Development Fund

This Fund was established by a grant from the Foellinger Foundation in honor of Barbara Burt. Mrs. Burt served as the Foundation's president and board chairman and was a member of the Foundation's board from 1989 until her retirement in 2008. Prior to her service at the Foellinger Foundation, she was the executive director of the Community Foundation of Greater Fort Wayne. Grants from this special fund are designed to provide funding to Allen County nonprofit organizations for leadership development training of their officers and executive committees with the ultimate goal of enhancing organizational effectiveness.

Those interested should call the Community Foundation of Greater Fort Wayne at (260) 426-4083 to discuss their idea(s).

Stewardship Award

The Foellinger Foundation offers eligible nonprofits the opportunity to honor board leaders by nominating them for the Stewardship Award. Each year the recipient's organization receives a \$15,000 operating support grant and a \$10,000 capacity-building grant for board governance.

Ernest E. Williams Lecture Series

The Ernest E. Williams Lecture Series was initiated in 2000 by the Foellinger Foundation as a tribute to Ernie Williams for his close work with Helene Foellinger at *The News-Sentinel* and his leadership contributions to the Foundation. Mr. Williams was elected as Foundation director and vice president in January 1966. After the death of Helene Foellinger in 1987, he became chairman of the board and served in that position until his death in 1989.

This lecture series features prominent speakers who share their perspectives on societal values, community leadership, and effective philanthropy.

2016 Stewardship Award Recipient

George Bartling

Fort Wayne Youtheatre

2016 Stewardship Award Nominees

Deborah Beckman

Northeast Indiana Positive Resource Connection

John Burda

Wellspring Interfaith Social Services

James Dance

Mental Health America

Dawn Galloway

Brightpoint

Chris Goeglein

The Lutheran Scholarship Granting Organization of Indiana

Tom Grotrian

Cross Connections

Adam Hand

The Learning Community

Betsy Hartman

McMillen Health

Dena Jacquay

Early Childhood Alliance

Beth Kitson

Lutheran School Services Organization

Nicole Krouse

Literacy Alliance

Robert Kruger

Martin Luther King School

Judith Nelson

Little River Wetlands Project

Amanda Pequignot

Vincent Village

Kathy Peterson

Cancer Services

Scott Plant

Science Central

Hyland Plimpton

Genesis Outreach

Douglas Powers

Northeast Indiana Public Radio

Karen Richards

Child Advocacy Center

John Rogers

YWCA

Emily Schwartz Keirns

Fort Wayne Civic Theatre

Steve Smith

United Way

Bonnie Souder

Interdisciplinary Community

Autism Network

Nancy Stewart

Fort Wayne Museum of Art

Nora Stewart

HearCare Connection

Barry Sturges

Turnstone Center

Margaret Sturm

Girl Scouts of Northern Indiana

-Michiana

Jerry Witte

YMCA



To find out more about these special opportunities, visit our website at foellinger.org.

2016 Grantees

Foundation-invited Initiative

SPECIAL OPPORTUNITY

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Program		
Allen County Public Library Foundation	\$8,500	\$8,500
Allen County Public Library Foundation	\$157,500	\$110,000
Allen County Public Library Foundation	\$580,000	\$290,000
Allen Superior Court		\$105,000
Taylor University		\$725,453
Total Program	\$746,000	\$1,238,953
Capacity Building		
Allen Superior Court	\$25,000	\$15,000
Arts United of Greater Fort Wayne		\$100,000
Arts United of Greater Fort Wayne		\$50,000
Associated Churches of Fort Wayne - Allen County	\$7,500	\$148,500
Audiences Unlimited		\$25,000
Community Foundation of Greater Fort Wayne	\$200,000	\$50,000
Community Foundation of Greater Fort Wayne		\$500,000
Fort Wayne Habitat for Humanity		\$25,000
Fort Wayne Youtheatre	\$25,000	
United Way of Allen County		\$140,000
Total Capacity Building	\$257,500	\$1,053,500
Total FII Special Opportunity	\$1,003,500	\$2,292,453

EARLY CHILDHOOD DEVELOPMENT

Limited Capital Improvement and Replacement

Early Childhood Alliance	\$32,900	
Martin Luther King School	\$35,350	
Total Capital	\$68,250	

Operating

Early Childhood Alliance		\$205,000
Martin Luther King School	\$230,000	\$100,000
Total Operating	\$230,000	\$305,000

2016 Grantees

Foundation-invited Initiative

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Capacity Building		
Early Childhood Alliance	\$3,248	\$3,248
Martin Luther King School	\$7,700	
Martin Luther King School	\$7,500	\$7,500
Total Capacity Building	\$18,448	\$10,748
Total FII Early Childhood Development	\$316,698	\$315,748
FAMILY DEVELOPMENT		
Limited Capital Improvement and Replacement		
Cancer Services of Northeast Indiana	\$14,670	\$14,670
Catholic Charities	\$75,000	\$75,000
Community Action of Northeast Indiana	\$30,000	\$30,000
Fort Wayne Rescue Mission Ministries		\$18,900
Literacy Alliance	\$16,570	\$16,570
Turnstone Center for Disabled Children and Adults	\$71,440	\$196,440
Wellspring Interfaith Social Services	\$43,550	
YWCA Northeast Indiana	\$65,260	\$50,000
Total Capital	\$316,490	\$401,580
Operating		
Cancer Services of Northeast Indiana		\$85,000
Catholic Charities	\$730,000	\$190,000
Community Action of Northeast Indiana	\$555,000	\$120,000
Easter Seals Arc of Northeast Indiana		\$130,000
Family and Children's Services of Fort Wayne		\$90,000
Fort Wayne Rescue Mission Ministries		\$105,000
Literacy Alliance	\$800,000	\$200,000
Lutheran Social Services		\$155,000
Turnstone Center for Disabled Children and Adults	\$540,000	\$170,000
Wellspring Interfaith Social Services		\$180,000
YWCA Northeast Indiana		\$130,000
Total Operating	\$2,625,000	\$1,555,000
Program		
YWCA Northeast Indiana	\$40,000	
Total Program	\$40,000	

2016 Grantees

Foundation-invited Initiative

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Capacity Building		
Cancer Services of Northeast Indiana	\$21,400	\$21,400
Catholic Charities	\$10,000	\$10,000
Catholic Charities	\$8,300	\$8,300
Center for Nonviolence	\$10,000	
Community Action of Northeast Indiana	\$19,920	\$19,920
Community Action of Northeast Indiana	\$75,000	\$75,000
Easter Seals Arc of Northeast Indiana	\$9,100	\$9,100
Family and Children's Services of Fort Wayne	\$12,000	\$12,000
Literacy Alliance	\$15,000	\$15,000
Literacy Alliance	\$7,900	\$7,900
Lutheran Social Services	\$8,800	\$18,800
Turnstone Center for Disabled Children and Adults	\$5,000	\$5,000
Turnstone Center for Disabled Children and Adults	\$9,500	\$9,500
Total Capacity Building	\$211,920	\$211,920
Total FII Family Development	\$3,193,410	\$2,168,500
YOUTH DEVELOPMENT		
Limited Capital Improvement and Replacement		
Big Brothers Big Sisters of Northeast Indiana	\$13,375	
Cornerstone Youth Center	\$57,400	\$57,400
Junior Achievement of Northern Indiana	\$31,440	
YMCA		\$200,000
Total Capital	\$102,215	\$257,400
Operating		
Big Brothers Big Sisters of Northeast Indiana		\$210,000
Cornerstone Youth Center	\$255,000	\$80,000
Junior Achievement of Northern Indiana		\$94,000
League for the Blind & Disabled		\$105,000
Lifeline Youth and Family Services		\$210,900
YMCA		\$223,200
Youth for Christ of Northern Indiana		\$75,000
Total Operating	\$255,000	\$998,100

2016 Grantees

Foundation-invited Initiative

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Capacity Building		
Cornerstone Youth Center	\$12,500	\$12,500
Junior Achievement of Northern Indiana	\$14,500	\$14,500
League for the Blind & Disabled	\$12,500	\$12,500
Lifeline Youth and Family Services	\$9,700	\$9,700
Total Capacity Building	\$49,200	\$49,200
Total FII Youth Development	\$406,415	\$1,304,700
Grand Total Foundation-invited Initiative	\$4,920,023	\$6,081,401

2016 Grantees

Community-based

EARLY CHILDHOOD DEVELOPMENT

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Operating		
The Learning Community	\$25,000	\$25,000
Total Operating	\$25,000	\$25,000
Program		
Fort Wayne Urban League	\$10,000	
Super Shot		\$27,500
Total Program	\$10,000	\$27,500
Total CB Early Childhood Development	\$35,000	\$52,500

FAMILY DEVELOPMENT

Operating		
A Hope Center		\$30,000
Center for Nonviolence		\$85,000
Crime Victim Care of Allen County		\$15,000
Community Harvest Food Bank of Northeast Indiana	\$40,000	
Community Transportation Network	\$40,000	
East Wayne Street Center	\$65,000	\$65,000
Fort Wayne Habitat for Humanity		\$35,000
Fort Wayne Society of St. Vincent DePaul	\$45,000	\$13,000
Fort Wayne Urban League		\$15,000
Homebound Meals	\$22,500	
Interfaith Hospitality Network of Greater Fort Wayne	\$70,000	\$35,000
Matthew 25 Health and Dental Clinic		\$40,000
Mustard Seed Furniture Bank of Fort Wayne		\$15,000
Neighborlink Fort Wayne Foundation	\$67,500	\$20,000
Northeast Indiana Positive Resource Connection		\$29,000
Vincent Village		\$40,000
Total Operating	\$350,000	\$437,000
Program		
Fort Wayne Medical Society Foundation		\$50,000
Girl Scouts of Northern Indiana-Michiana	\$50,000	\$25,000
National League of Cuban American Community Based Centers		\$25,000
SCAN		\$35,000
Total Program	\$50,000	\$135,000

2016 Grantees

Community-based

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Capacity Building		
Center for Nonviolence		\$10,000
Total Capacity Building		\$10,000

Total CB Family Development	\$400,000	\$582,000
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YOUTH DEVELOPMENT

Operating

Allen County Education Partnership		\$65,000
Boys and Girls Club of Fort Wayne	\$95,000	\$95,000
Crossroad Child and Family Services	\$20,000	\$20,000
Erin's House for Grieving Children	\$15,000	\$15,000
Euell A. Wilson Center		\$50,000
Harlan Christian Youth Center		\$20,000
Power House Youth Center		\$30,000
Trees Indiana	\$10,000	\$10,000
Total Operating	\$140,000	\$305,000

Program

Associated Churches of Fort Wayne - Allen County	\$40,000	\$40,000
Boy Scouts of America	\$15,000	\$15,000
Salvation Army	\$50,000	\$50,000
Total Program	\$105,000	\$105,000

Total CB Youth Development	\$245,000	\$410,000
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Total Community-based	\$680,000	\$1,044,500
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2016 Grantees

Community Interests

	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Operating		
ACRES	\$22,000	\$22,000
Allen County - Fort Wayne Historical Society	\$20,000	\$20,000
Allen County Society for the Prevention of Cruelty to Animals	\$10,000	\$10,000
ARCH	\$10,000	\$10,000
Artlink		\$10,000
Arts United of Greater Fort Wayne	\$60,000	\$60,000
Audiences Unlimited	\$10,000	\$10,000
Blue Jacket	\$45,000	\$45,000
Child Advocacy Center of Allen County Indiana	\$10,000	\$10,000
Drive Alive	\$5,000	
Embassy Theatre Foundation	\$65,000	\$65,000
Fort Wayne Ballet	\$20,000	\$20,000
Fort Wayne Children's Choir	\$6,500	\$6,500
Fort Wayne Cinema Center	\$15,000	\$15,000
Fort Wayne Civic Theatre	\$60,000	\$60,000
Fort Wayne Dance Collective	\$25,000	\$53,000
Fort Wayne Museum of Art	\$75,000	\$75,000
Fort Wayne Philharmonic Orchestra	\$75,000	\$75,000
Fort Wayne Trails	\$25,000	\$25,000
Fort Wayne Youtheatre	\$16,000	\$16,000
Foundation for Art and Music in Education	\$13,000	\$13,000
HearCare Connection	\$25,000	
Little River Wetlands Project	\$25,000	\$25,000
Mental Health America of Northeast Indiana		\$15,000
Northeast Indiana Fund	\$20,000	
Northeast Indiana Innovation Center	\$30,000	\$23,000
Northeast Indiana Public Radio	\$25,000	\$23,000
Science Central	\$55,000	\$55,000
SCORE Chapter #50	\$5,000	
Soulmedic Media Group	\$12,500	
Volunteer Lawyer Program of Northeast Indiana	\$23,000	\$23,000
Total Operating	\$808,000	\$784,500
Program		
Fort Wayne Healthy Cities Committee		\$5,000
HearCare Connection		\$23,000
Visiting Nurse		\$20,000
Total Program		\$48,000

2016 Grantees

Community Interests

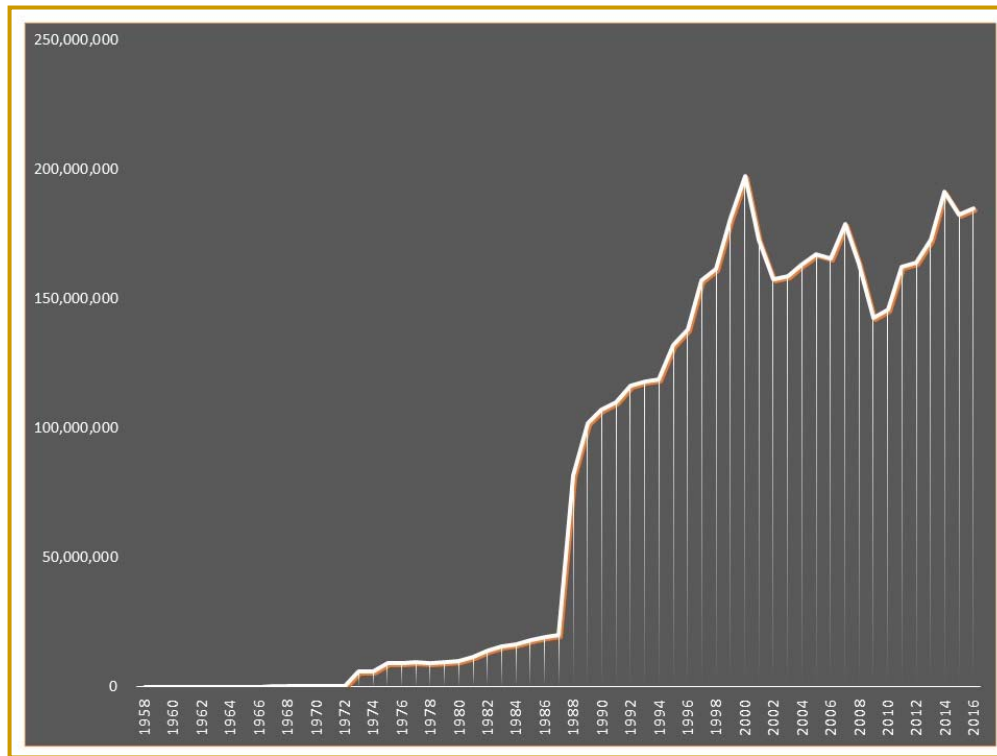
	FY 2016 Grant Approvals	(1) FY 2016 Grant Payments
Capacity Building		
Fort Wayne Children's Choir	\$9,450	\$9,450
Fort Wayne Civic Theatre	\$17,500	\$17,500
Little River Wetlands Project	\$14,500	\$14,500
Lutheran Life Villages	\$17,750	\$17,750
Visiting Nurse	\$10,000	\$10,000
Volunteer Lawyer Program of Northeast Indiana	\$9,130	\$9,130
Total Capacity Building	\$78,330	\$78,330
Total Community Interests	\$886,330	\$910,830

Total Grant Approvals and Payments in Fiscal Year 2016	\$6,486,353	\$8,036,731
Less Refunds		(\$31,917)
Total Net Grant Payments in Fiscal Year 2016		\$8,004,814

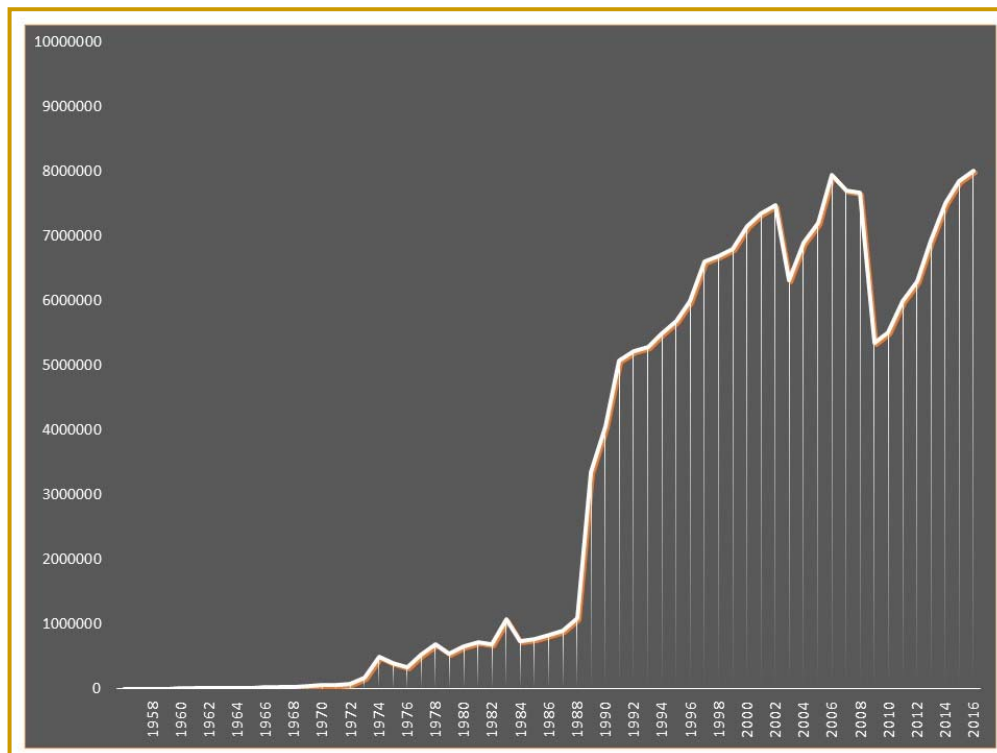
(1) Includes payments made in FY2016 and grants approved in prior years.

History of Assets and Grants Paid

History of Assets



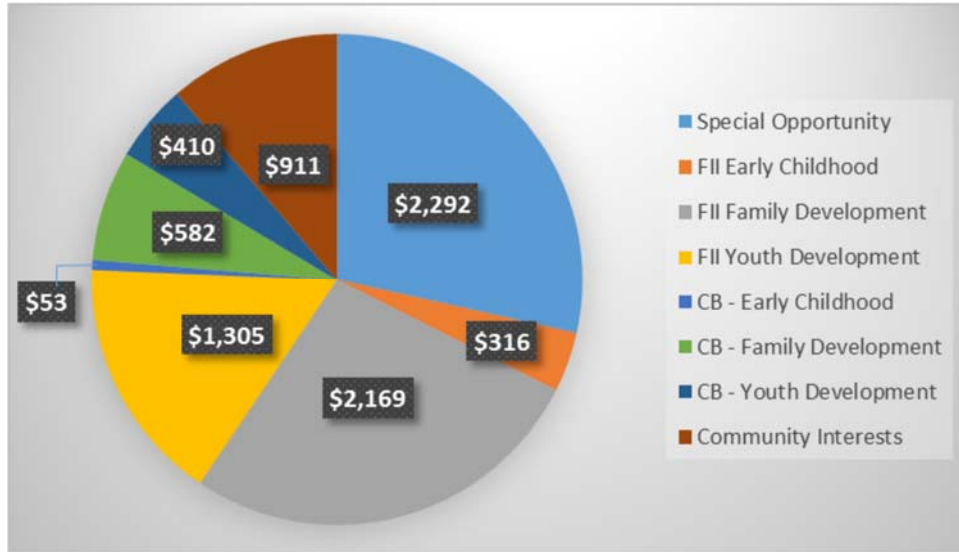
History of Grants Paid



Grant Approvals and Payments

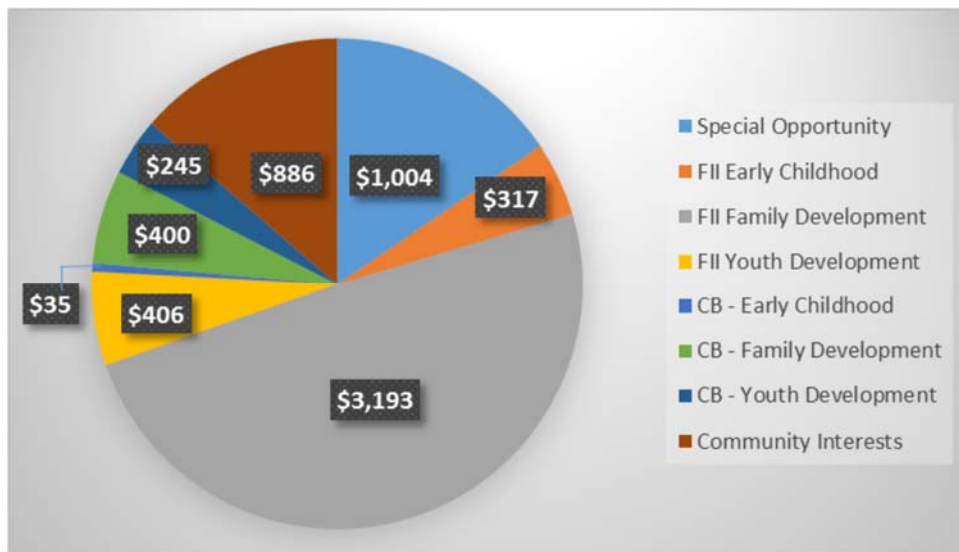
2016 Grant Payments

(AMOUNTS IN THOUSANDS)



2016 Grant Approvals

(AMOUNTS IN THOUSANDS)



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Financial Statements—Modified Cash Basis

FOELLINGER FOUNDATION, INC.

*Years ended August 31, 2016 and 2015
with Independent Auditor's Report*

Foellinger Foundation, Inc.

Financial Statements—Modified Cash Basis

Years ended August 31, 2016 and 2015

Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Assets, Liabilities and Net Assets—Modified Cash Basis.....3

Statements of Revenue and Expenses—Modified Cash Basis 4

Notes to Financial Statements—Modified Cash Basis5



Independent Auditor's Report

Board of Directors
Foellinger Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Foellinger Foundation, Inc. (Foundation), which comprise the statements of assets, liabilities and net assets—modified cash basis as of August 31, 2016 and 2015, and the related statement of revenue and expenses—modified cash basis for the years then ended, and the related notes to the financial statements—modified cash basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Foellinger Foundation, Inc. as of August 31, 2016 and 2015, and its revenue and expenses for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Haines, Luenbarger & Skiba, LLC

October 4, 2016

Foellinger Foundation, Inc.

Statements of Assets, Liabilities and Net Assets—Modified Cash Basis

	August 31	
	2016	2015
Assets		
Cash	\$ 495,132	\$ 343,116
Investments	182,496,465	179,847,991
Property and equipment:		
Land	851,836	851,836
Land improvements	207,485	207,485
Building and improvements	2,969,527	2,969,527
Office furniture and equipment	372,325	346,082
	<u>4,401,173</u>	<u>4,374,930</u>
Less accumulated depreciation	<u>2,260,312</u>	<u>2,145,982</u>
	2,140,861	2,228,948
Other assets	1,004	538
Total assets	<u>\$ 185,133,462</u>	<u>\$ 182,420,593</u>
Liabilities and net assets		
Other withholdings and total liabilities	\$ 1,002	\$ -
Unrestricted net assets	<u>185,132,460</u>	<u>182,420,593</u>
Total liabilities and net assets	<u>\$ 185,133,462</u>	<u>\$ 182,420,593</u>

See notes to financial statements.

Foellinger Foundation, Inc.

Statements of Revenue and Expenses—Modified Cash Basis

	Year ended August 31	
	2016	2015
Revenue		
Investment income	\$ 3,046,066	\$ 3,005,457
Net realized gain on investments	2,336,514	4,724,499
Net unrealized gain (loss) on investments	6,921,555	(7,295,625)
Total support and revenue	<u>12,304,135</u>	<u>434,331</u>
Expenses		
Charitable program expenses:		
Grant payments, net	8,004,814	7,845,344
Direct charitable programs	150,267	109,949
Program management	659,210	587,402
	<u>8,814,291</u>	<u>8,542,695</u>
Other expenses:		
General administration	735,577	718,665
Federal excise tax	42,400	70,500
Total expenses	<u>9,592,268</u>	<u>9,331,860</u>
Increase (decrease) in unrestricted net assets	2,711,867	(8,897,529)
Unrestricted net assets at beginning of year	182,420,593	191,318,122
Unrestricted net assets at end of year	<u>\$ 185,132,460</u>	<u>\$ 182,420,593</u>

See notes to financial statements.

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis

August 31, 2016

1. Organization and Summary of Significant Accounting Policies

The mission of Foellinger Foundation, Inc. (Foundation) is:

to provide grants and technical assistance to strengthen organizations that serve children and families, particularly those with the greatest economic need and the least opportunity.

The Foundation is a private, charitable foundation that was created in 1958 by Helene R. Foellinger, *The News-Sentinel's* publisher from 1936 to 1980, and Ester A. Foellinger, her mother. Its funding comes from lifetime gifts from Helene Foellinger, proceeds from Helene and Ester Foellinger's estates, and contributions from The News Publishing Company until *The News-Sentinel* was sold in 1980.

Helene and Esther Foellinger expected their funds would be managed as effectively as possible. The Foundation focuses the Foellinger family gifts strategically. It invests in grants to organizations led by the people who have demonstrated leadership, a relentless focus on mission, and a commitment to results. The Foundation strives to help people in Allen County advance from needing help, to helping themselves to helping one another, the measure discernible effects. Each year the Foundation awards millions of dollars in grants to dozens of nonprofits to benefit all residents of Allen County, Indiana.

Basis of Accounting

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. 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. Investments are recorded at fair values based on quoted market prices or dealer quotes. Purchased assets with estimated useful lives of more than one year are capitalized and depreciated or amortized over the asset lives. The financial statements are not intended to comply with accounting principles generally accepted in the United States of America.

Cash

The Foundation maintains its cash with a high credit quality financial institution. From time to time during the year, the Foundation's cash accounts exceeded federally insured limits primarily due to the transfer of funds to pay for grants awarded.

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at fair value. 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. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a settlement-date basis. Interest income and dividends are recorded on a received or payment date basis. Capital gain distributions are included in dividend income.

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

The Foundation's investment portfolio consists of a diverse mix of investments, without concentration of risk by type, industry or geographic area, which are managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments may occur in the near term and that such changes could materially affect account balances.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for property and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired property or equipment assets as of August 31, 2016 or 2015. The Foundation capitalizes building improvements which cost \$5,000 or more and other fixed assets which cost \$2,500 or more and have a useful life of one year or more. Depreciation is computed by the straight-line method over the following estimated useful lives:

Land improvements	15 years
Building	40 years
Building improvements	15-20 years
Office furniture and equipment	3-10 years

Expenditures for normal repairs and maintenance are expensed when paid.

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

Preparation of the financial statements using the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Investments

The fair value of investments is as follows:

	August 31	
	2016	2015
Money market funds	\$ 1,512,447	\$ 2,394,775
Fixed-income securities	40,801,717	46,133,585
Equity securities	140,182,301	131,319,631
Total investments, at fair value	\$ 182,496,465	\$ 179,847,991
 Total investments, at historical cost	 \$ 139,590,888	 \$ 143,863,969

The composition of investment return recognized in the statements of activities and changes in net assets—modified cash basis are as follows:

	Year ended August 31	
	2016	2015
Investment income:		
Interest and dividends	\$ 4,055,536	\$ 4,078,992
Net realized gain on investments	2,336,514	4,724,499
Net unrealized gain (loss) on investments	6,921,555	(7,295,625)
	13,313,605	1,507,866
Less custodial fees	40,602	43,077
Less investment services	968,868	1,030,458
Net investment income	\$ 12,304,135	\$ 434,331

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

3. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2016 and 2015.

Money Market Funds: Valued at the quoted market prices in an exchange and active market, which represent the net asset values of shares owned by the Foundation at year-end.

Government Bonds, Government Agency Bonds, Municipal Bonds, Corporate Bonds: Valued based on a compilation of primary observable market information or broker quotes in non-active markets.

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

3. Fair Value Measurements (continued)

Preferred Securities: The preferred securities held by the Foundation are hybrid securities with characteristics of both subordinated debt and preferred stock. These securities are valued at the closing market price on the active market on which the underlying securities are traded.

Domestic Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Pooled Investment Trusts: These investments are in private equity funds, in a series of Fisher Investment Trust, a Delaware Statutory Trust. They are valued at the value of the interest in the fund held by the Foundation at year-end. The interest in the fund is based on the value of the underlying assets owned by the fund, divided by the number of interests outstanding.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of August 31, 2016 and 2015:

	Assets at Fair Value as of August 31, 2016			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,512,447	\$ -	\$ -	\$ 1,512,447
Fixed-income securities				
Government bonds	-	4,922,158	-	4,922,158
Government agency bonds	-	7,566,633	-	7,566,633
Municipal bonds	-	8,872,560	-	8,872,560
Corporate bonds	-	18,388,166	-	18,388,166
Preferred securities	-	1,052,200	-	1,052,200
Equity securities				
Domestic common stock	95,014,019	-	-	95,014,019
Emerging market fund	-	28,773,410	-	28,773,410
Foreign equity fund	-	10,336,074	-	10,336,074
Global small cap fund	-	6,058,798	-	6,058,798
Total	\$ 96,526,466	\$85,969,999	\$ -	\$182,496,465

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

3. Fair Value Measurements (continued)

	Assets at Fair Value as of August 31, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,394,775	\$ -	\$ -	\$ 2,394,775
Fixed-income securities				
Government bonds	-	5,230,612	-	5,230,612
Government agency bonds	-	10,510,774	-	10,510,774
Municipal bonds	-	11,570,001	-	11,570,001
Corporate bonds	-	17,859,198	-	17,859,198
Preferred securities	-	963,000	-	963,000
Equity securities				
Domestic common stock	88,082,606	-	-	88,082,606
Emerging market fund	-	28,424,244	-	28,424,244
Foreign equity fund	-	9,565,973	-	9,565,973
Global small cap fund	-	5,246,808	-	5,246,808
Total	\$ 90,477,381	\$89,370,610	\$ -	\$179,847,991

4. Employee Benefit Plan

The Foundation maintains a defined contribution benefit plan for the benefit of employees who have completed one year of service. The Foundation provides a matching contribution of 100 percent of the employee's contribution up to 1.5 percent of eligible employee compensation and a fixed contribution of 10 percent of eligible employee compensation. The Foundation's contribution to the plan was \$64,431 and \$58,483 for the years ended August 31, 2016 and 2015, respectively.

5. Federal Excise 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 subject to federal excise taxes imposed on private foundations at 2 percent, or at 1 percent if certain conditions are met. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. Management believes the Foundation is no longer subject to examination, by tax authorities for the year before August 31, 2013.

Foellinger Foundation, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

6. Grant Commitments

At August 31, 2016, the Foundation had approved, but not yet paid, unconditional grants and conditional future grants of \$8,106,208 through 2020 which, based on specific grant agreements, are expected to be paid as follows:

Year ended August 31, 2017	\$ 5,017,208
Year ended August 31, 2018	1,954,000
Year ended August 31, 2019	760,000
Year ended August 31, 2020	375,000
	<u>\$ 8,106,208</u>

7. Subsequent Events

Management has evaluated subsequent events through October 4, 2016, the date on which the financial statements were available to be issued.