Incourage Community Foundation, Inc. and Affiliate

Wisconsin Rapids, Wisconsin

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014

WIPFLi LLP

Independent Auditor's Report

Board of Directors
Incourage Community Foundation, Inc. and Affiliate
Wisconsin Rapids, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Incourage Community Foundation, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Incourage Community Foundation, Inc. and Affiliate as of December 31, 2015 and 2014, 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.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statements of functional expenses appearing on pages 22 and 23 is presented for the purpose of additional analysis and is not a required part of the 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

July 28, 2016

Wausau, Wisconsin

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31,	2015	2014
Current assets:		
Cash and cash equivalents	$ 237,917	$ 200,862
Unconditional promises to give - Less allowance for uncollectible promises to give of $1,050 and $700 at December 31, 2015 and 2014, respectively:		
For the Organization	-	4,500
For other agencies	675	1,525
Grants receivable	52,232	49,372
Other assets	47,589	46,263
Total current assets	338,413	302,522
Investments	27,607,277	32,129,793
Notes receivable	130,093	130,593
Property and equipment:		
Land	444,140	281,316
Buildings and improvements	1,033,467	1,027,197
Office equipment, furnishings, and technology	356,661	333,049
Totals	1,834,268	1,641,562
Less - Accumulated depreciation	427,898	369,260
Net depreciated value	1,406,370	1,272,302
Capital additions in progress	1,293,641	306,573
Net property and equipment	2,700,011	1,578,875
Other assets:		
Beneficial interest in pooled income funds	123,626	123,257
Other	3,115	2,951
Total other assets	126,741	126,208
TOTAL ASSETS	$ 30,902,535	$ 34,267,991

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position (Continued)

December 31,	2015	2014
Current liabilities:		
Grants payable	$ 166,691	$ 98,353
Accounts payable	242,500	285,334
Accrued payroll and benefits	191,466	181,075
Accrued interest	650	446
Funds held for other agencies	1,265,375	1,299,982
Total current liabilities	1,866,682	1,865,190
Long-term liabilities:		
Notes payable	413,500	263,500
Accrued interest	3,140	-
Charitable gift annuities	35,523	36,216
Total long-term liabilities	452,163	299,716
Total liabilities	2,318,845	2,164,906
Net assets:		
Unrestricted:		
Designated	13,990,869	16,879,229
Donor advised	3,156,723	3,289,018
Field of interest/scholarships	6,152,946	6,401,143
Undesignated	4,978,381	5,238,077
Total unrestricted	28,278,919	31,807,467
Temporarily restricted	304,771	295,618
Total net assets	28,583,690	32,103,085
TOTAL LIABILITIES AND NET ASSETS	$ 30,902,535	$ 34,267,991

See accompanying notes to financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Activities

Years Ended December 31,	2015	2014
Unrestricted net assets:		
Revenue and other support:		
Contributions	$ 1,337,435	$ 2,177,619
Grant revenue	146,927	166,965
Interest and dividends	716,277	786,079
Rent	31,080	31,080
Program and facilitation services	2,961	913
Net assets released from restriction	5,000	3,642,717
Total revenue and other support	2,239,680	6,805,373
Functional expenses:		
Program services:		
Distributions approved for charitable purposes	807,531	727,726
Direct program services	3,254,466	2,573,536
Management and general	556,849	620,134
Fund-raising	145,651	147,177
Total functional expenses	4,764,497	4,068,573
Other income (loss) - Net realized and unrealized gain (loss) on investments	(1,003,731)	293,064
Increase (decrease) in unrestricted net assets	(3,528,548)	3,029,864
Temporarily restricted net assets:		
Contributions	-	5,000
Net assets released from restrictions	(5,000)	(3,642,717)
Net realized and unrealized gain on investments	14,153	2,928
Increase (decrease) in temporarily restricted net assets	9,153	(3,634,789)
Changes in net assets	(3,519,395)	(604,925)
Net assets at beginning	32,103,085	32,708,010
Net assets at end	$ 28,583,690	$ 32,103,085

See accompanying notes to financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31,	2015	2014
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	$ (3,519,395)	$ (604,925)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	58,637	67,997
Net realized and unrealized (gain) loss on investments	989,578	(295,992)
Contribution of marketable equity securities	(35,915)	(25,187)
Change in present value of beneficial interest in pooled income funds	(369)	(1,988)
Change in present value of charitable gift annuities	(693)	(2,730)
Provision (credit) for uncollectible receivables and promises to give	1,956	(5,935)
Changes in operating assets and liabilities:		
Unconditional promises to give	3,394	3,702,209
Grants receivable	(2,860)	(5,495)
Other assets	(990)	(1,679)
Grants payable	68,338	(18,783)
Accounts payable	18,428	76,832
Accrued interest	3,344	-
Accrued payroll and benefits	10,391	79,150
Funds held for other agencies	(34,607)	12,967
Total adjustments	1,078,632	3,581,366
Net cash provided by (used in) operating activities	(2,440,763)	2,976,441
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	9,127,105	11,604,757
Payment for purchase of investments	(5,558,251)	(14,370,177)
Acquisition of property and equipment	(1,091,036)	(194,777)
Net cash provided by (used in) investing activities	2,477,818	(2,960,197)
Net increase in cash and cash equivalents	37,055	16,244
Cash and cash equivalents at beginning	200,862	184,618
Cash and cash equivalents at end	$ 237,917	$ 200,862

Supplemental cash flow information:

	2015	2014
Interest paid - Net of amount capitalized	$ -	$ 8,158

Noncash operating and investing activities:

For the years ended December 31, 2015 and 2014, the Organization received $35,915 and $25,187, respectively, in gifts of noncash investments.

Included in accounts payable at December 31, 2015 and 2014, is $75,653 and $136,915, respectively, for property and equipment.

During the year ended December 31, 2015, the Organization purchased property and equipment with issuance of a $150,000 note payable.

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Incourage Community Foundation, Inc. ("the Organization"), commonly referred to as Incourage, is a not-for-profit community foundation incorporated under the laws of the State of Wisconsin in 1993. Utilizing a values-led, resident-centered, place-based approach, its primary mission involves promoting philanthropy in furtherance of building community. It receives and maintains funds to be utilized for philanthropic activities that meet the requirements of the Organization's governing documents.

Guided by values of equity, opportunity, and shared stewardship, the Organization works with residents to realize a vision of a community that works well for all people. The Organization operates from a central belief that people are its most important asset and that positive community change happens when individuals have the opportunity to realize their full potential. This includes the belief that residents who feel a sense of ownership, shared responsibility, and shared destiny by virtue of a shared place are essential in shaping healthy, sustainable, and inclusive economic growth. Recognizing that grants alone cannot support the needs of an innovative, emerging economy, the Organization has committed to align and leverage all of its capitals, including moral, human, social, intellectual, reputational, natural, and financial, to advance mission.

In addition to the traditional community foundation grant-making role, the Organization directly organizes and develops programs and leads community initiatives that aim to enhance the quality of life for people in Wisconsin's south Wood County area, focusing on four interconnected areas of human potential, shared prosperity, healthy climate, and reclaiming philanthropy. The Organization is a leader in rural community development with programs in workforce development, community information, collaborative development practices, civility, adaptive skills, resident engagement, and grassroots grant-making. It has a history of joining with local, regional, and national funders, including both public and private, who are committed to prudent and transparent efforts to take existing and emerging models further, promoting adaptive leadership skills, relationship building, collaboration, convening, advocacy, impact investing and financing, proactive and unbiased research, capacity building, a shared learning environment, and the effective exchange of relevant information in the process.

Examples of community initiatives include: participating as a rural project site in the National Fund for Workforce Solutions' pursuit of a long-term strategy of creating a cohesive, integrated social services and workforce development system that fosters new solutions for economic growth; participating in the John S. and James L. Knight Foundation's Community Information Challenge, researching where and how local residents get their information, and assessing their ability to access the information they need in order to lead better informed lives; and developing and delivering Blueprints for Tomorrow, a 25-month, USDA-supported program that is building community networks, vision, and skills to lead a sustainable regional economy.

The Organization's commitment to resident-centered decision making for south Wood County's future is symbolized by the planned redevelopment of the former Daily Tribune building. The Organization purchased this historic local property on the Wisconsin River and is utilizing a resident-centered planning process to aid the community in determining the building's future uses and in having input into the design of the redeveloped facility that will serve as a "community accelerator" -- accelerating growth and opportunity, environmental sustainability, learning, creativity, and connections for community benefit.

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Activities (Continued)

The Organization is committed to learn, reflect, and act on what it means to be an authentically resident-centered, values-led, place-based philanthropic institution that recognizes that tangible changes in the community culture and its supporting systems takes persistence, patience and time.

Principles of Consolidation

The consolidated financial statements include the accounts of Incourage Community Foundation, Inc. and its supporting organization, Community Property, Inc. (collectively referred to as the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets and support are classified based on the existence or absence of donor-imposed restrictions. Donors generally give to the Organization knowing that their wishes will be respected, but they also rely on the Organization to prevent their gift from becoming obsolete or meaningless. Accordingly, the Organization is allowed some discretion over this type of gift in order to continue to provide a maximum benefit to the community. Net assets are reported as follows:

- Unrestricted net assets of the Organization are those assets which are neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are unrestricted since the Organization has variance power. Included in this category of net assets are:
  - Designated - Unrestricted net assets set aside for one or more organizations as long as they satisfy the intentions specified by donors.
  - Donor Advised - Donated resources for which the donor retains the right to recommend preferred charitable recipients to the Organization. The Organization has the final authority on the disposition of these net assets in accordance with its charitable purpose and, therefore, they are shown as unrestricted net assets.
  - Field of Interest/Scholarships - Unrestricted net assets donated with the intent to benefit a particular area of interest.
  - Undesignated - Unrestricted net assets over which the Board of Directors has full discretion in making distributions for charitable purposes.
- Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.
- Permanently restricted net assets include endowment funds that are generally subject to donor-imposed restrictions requiring that the principal be invested in perpetuity and only the income be used. Certain endowment funds include provisions that allow, in unusual circumstances, a portion of the principal to be expended.

At December 31, 2015 and 2014, the Organization had no permanently restricted net assets.

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at the date received if contributed. It is the policy of the Organization to capitalize all asset additions over $1,000 in value with an estimated useful life in excess of one year. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Estimated useful lives range from three to seven years for office equipment, furnishings, and technology and 15 to 40 years for buildings and improvements.

Interest cost incurred on borrowed funds during the construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are included in revenue, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service and the funds are received.

The Organization periodically evaluates whether events and circumstances have occurred that may affect the carrying value of property and equipment. If such events or circumstances indicate the carrying value may not be recoverable, impairment is determined by comparing the carrying value with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from dispositions. Should the sum of the expected future net cash flows be less than the carrying value, the Organization would recognize an impairment loss. No impairment loss was recognized in 2015 or 2014.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

Management annually assesses its existing properties to determine if there is a need to recognize a liability for a conditional asset retirement specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The Organization believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Organization may settle the obligation is unknown and cannot be estimated. As a result, the Organization cannot reasonably estimate the liability related to these asset retirement activities as of December 31, 2015 and 2014.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received.

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets. Unrestricted promises to give to be collected in future periods are also recorded as an increase to temporarily restricted net assets and reclassified to unrestricted net assets when received, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported as current assets at net realizable value. Promises to give that are expected to be collected in future years are reported as long-term assets at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due unconditional promises to give balances and estimates the portion, if any, of the balances that will not be collected. The carrying amounts of unconditional promises to give are reduced by allowances that reflect management's estimate of uncollectible accounts.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments are measured at fair value in the accompanying consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue unless the income or loss is restricted by the donor or by law.

Fair Value Measurements

The Organization measures fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Notes Receivable

Notes receivable consist of amounts loaned to area not-for-profit organizations for community lending pool purposes. Notes receivable are recorded at the amount of unpaid principal and related accrued interest. Interest is calculated using the annual interest rate multiplied by the unpaid principal amount. The Organization regularly evaluates various attributes of the notes to determine the appropriateness of any allowance for doubtful accounts. This evaluation considers changes in the borrower’s creditworthiness, evaluations of collectability, prior loss experience (if any), and current economic conditions. The Organization considers the notes receivable and related interest to be fully collectible and, therefore, no allowance for uncollectible amounts has been recorded. Management does not have a policy to address placing loans on nonaccrual status and has not experienced a loan to be nonperforming or past due.

Note 1: Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Pooled Income Funds

The Organization is the beneficiary of irrevocable pooled income gifts that are managed as a trust by a third-party trustee. The value of the Organization's estimated irrevocable remainder interest is the discounted present value of cash flows and is shown as a beneficial interest in pooled income funds.

Funds Held for Other Agencies

The Organization recognizes a liability when it receives a transfer of assets and the resource provider (i.e., a not-for-profit organization) specifies itself or an affiliate as the beneficiary, even if the resource provider explicitly grants the Organization variance power. The Organization, when accepting cash or other financial assets from a not-for-profit organization, recognizes the fair value of those assets as a liability to the specified beneficiary (generally the same not-for-profit organization) concurrent with recognition of the assets received from the not-for-profit organization if the Organization agrees to any of the following: (1) use of those assets on behalf of the not-for-profit organization, (2) transfer of those assets to the not-for-profit organization, or (3) use of the return on those assets to benefit the not-for-profit organization.

Unemployment Compensation

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred. The Organization has obtained a letter of credit of $11,000 to meet state reimbursement assurance requirements.

Grant Revenue

Grant revenue is recorded based on criteria contained in the grant award. For reimbursement-type grants, revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of allowable expenses are reflected as deferred revenue, if any.

Donated Services

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly certain costs have been allocated between program services, management and general services, and fund-raising activities.

Note 1: Summary of Significant Accounting Policies (Continued)

Tax Status

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income tax on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state income tax on related income.

Subsequent Events

Subsequent events have been evaluated through July 28, 2016, which is the date the consolidated financial statements were available to be issued.

Note 2: Investments

Investments, stated at fair value, consisted of the following at December 31:

	2015	2014
Certificates of deposit	$ 163,057	$ 82,379
Money market funds	2,783,124	6,200,817
Fixed income mutual funds	4,765,837	5,181,415
Fixed income commingled funds	555,435	591,971
Equity mutual funds	16,519,419	17,229,772
Equity commingled funds	1,696,759	1,706,077
Private equity collective investment funds	220,415	218,866
Limited investment partnership	903,231	918,496
Total investments	$ 27,607,277	$ 32,129,793

The Organization uses the services of various investment managers for the purpose of administering its investment portfolio. Investment expenses relating to the management of the Organization's investment portfolio totaled $141,459 and $161,739 for the years ended December 31, 2015 and 2014, respectively.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

At December 31, 2015 and 2014, the Organization's total net unrealized gain was $3,982,043 and $5,478,268, respectively.

Note 3: Fair Value Measurements

In 2015, the Organization early adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit and money market funds are valued at historical cost which approximates fair value. Equity and fixed income mutual funds are valued at quoted market prices from active markets. The limited investment partnership, fixed income commingled funds, equity commingled funds, and private equity collective investment fund are valued at estimated fair value based on meaningful third-party transactions and/or comparable public market valuations which represent the NAV of shares held by the Organization at year-end. Split-interest agreements are valued using the estimated fair market value of the underlying financial instruments in the agreements and then discounting this value for the time restrictions embedded in the agreements. An investment may be carried at cost if deemed the most appropriate estimate of fair value.

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 Organization 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.

Note 3: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31:

	2015				
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Certificates of deposit	$ -	$ 163,057	$ -	$ -	$ 163,057
Money market funds	3,509	2,779,615	-	-	2,783,124
Fixed income mutual funds:					
U.S. short-term bonds	212,200	-	-	-	212,200
U.S. intermediate term bonds	2,609,642	-	-	-	2,609,642
U.S. inflation protected bonds	1,374,668	-	-	-	1,374,668
U.S. medium blend	21,687	-	-	-	21,687
U.S. bank loans	4,974	-	-	-	4,974
U.S. high yield bonds	6,699	-	-	-	6,699
U.S. non-traditional bonds	22,503	-	-	-	22,503
Global bonds	513,464	-	-	-	513,464
Equity mutual funds:					
U.S. large cap growth	848,625	-	-	-	848,625
U.S. large cap blend	4,887,649	-	-	-	4,887,649
U.S. large cap value	833,857	-	-	-	833,857
U.S. mid cap growth	305,483	-	-	-	305,483
U.S. mid cap blend	1,209,351	-	-	-	1,209,351
U.S. mid cap value	305,354	-	-	-	305,354
U.S. small cap growth	303,434	-	-	-	303,434
U.S. small cap value	304,055	-	-	-	304,055
International developed large cap growth	749,705	-	-	-	749,705
International developed large cap blend	4,767,905	-	-	-	4,767,905
International emerging markets diversified	2,004,001	-	-	-	2,004,001
Investments measured at net asset value	-	-	-	3,375,840	3,375,840
Total investments	21,288,765	2,942,672	-	3,375,840	27,607,277
Beneficial interest in pooled income funds	-	123,626	-	-	123,626
Total assets	$ 21,288,765	$ 3,066,298	$ -	$ 3,375,840	$ 27,730,903
Liability - Charitable gift annuities	$ -	$ 35,523	$ -	$ -	$ 35,523

Note 3: Fair Value Measurements (Continued)

	2014				
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Certificates of deposit	$ -	$ 82,379	$ -	$ -	$ 82,379
Money market funds	2,550	6,198,267	-	-	6,200,817
Fixed income mutual funds:					
U.S. short-term bonds	229,918	-	-	-	229,918
U.S. intermediate term bonds	2,952,951	-	-	-	2,952,951
U.S. inflation protected bonds	1,423,588	-	-	-	1,423,588
U.S. medium blend	20,183	-	-	-	20,183
U.S. bank loans	4,704	-	-	-	4,704
U.S. high yield bonds	6,284	-	-	-	6,284
U.S. non-traditional bonds	21,865	-	-	-	21,865
Global bonds	521,922	-	-	-	521,922
Equity mutual funds:					
U.S. large cap growth	765,375	-	-	-	765,375
U.S. large cap blend	5,236,770	-	-	-	5,236,770
U.S. large cap value	796,543	-	-	-	796,543
U.S. mid cap growth	327,043	-	-	-	327,043
U.S. mid cap blend	1,243,696	-	-	-	1,243,696
U.S. mid cap value	350,188	-	-	-	350,188
U.S. small cap growth	341,189	-	-	-	341,189
U.S. small cap value	313,430	-	-	-	313,430
International developed large cap growth	1,094,221	-	-	-	1,094,221
International developed large cap blend	5,303,740	-	-	-	5,303,740
International emerging markets diversified	1,457,577	-	-	-	1,457,577
Investments measured at net asset value	-	-	-	3,435,410	3,435,410
Total investments	22,413,737	6,280,646	-	3,435,410	32,129,793
Beneficial interest in pooled income funds	-	123,257	-	-	123,257
Total assets	$ 22,413,737	$ 6,403,903	$ -	$ 3,435,410	$ 32,253,050
Liability - Charitable gift annuities	$ -	$ 36,216	$ -	$ -	$ 36,216

Note 3: Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the Organization's investments whose fair values are estimated using NAV per share as of December 31, 2015.

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fixed income commingled funds (a)	$ 555,435	$ -	Daily	10 days
Equity commingled funds (b)	1,696,759	-	Monthly	15-45 days
Private equity collective investment funds (c)	220,415	60,000	N/A	N/A
Limited investment partnership (d)	903,231	-	Annually	60 Days
Totals	$ 3,375,840	$ 60,000		

(a) This investment category strives to achieve favorable income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities. This investment can be sold and purchased daily with ten business days of written notice.

(b) This investment category has a primary objective of capital appreciation through the investment in common stocks of domestic small capitalization companies. These investments can be sold and purchased on a monthly basis and have redemption notice periods ranging from 15-45 days. In addition, the fund has a $50,000 minimum withdrawal requirement.

(c) This fund was established to provide certain eligible organizations with cost-effective access to private equity investments and managers operating in the United States and abroad. The objective is to generate returns in excess of the S&P 500 over the long term. This fund does not permit redemptions, and the private equity fund life runs to December 31, 2021, with cash distributions from time to time as determined by the fund.

(d) This limited investment partnership seeks to provide investors with maximum appreciation of capital while incurring reasonable risk by investing primarily with a diversified group of smaller and emerging investment managers that are believed to be highly skilled in long and short equity investing. These investments can be sold and purchased annually and have a redemption notice period of 60 days. There is also a holding period requirement that must be met prior to redemption that was satisfied September 30, 2014.

Note 4: Split-Interest Agreements

Some donors enter into trusts or other arrangements under which the Organization receives benefits that are shared with other beneficiaries. These types of arrangements, known as split-interest agreements, include pooled (life) income funds and charitable gift annuities. Provisions for the various donor trust agreements are as follows:

- Pooled Income Funds - All income of the pooled fund is distributed to its participants on a pro rata basis.

Note 4: Split-Interest Agreements (Continued)

- Charitable Gift Annuities - Donors receive a fixed percentage rate of income based on the initial value of the gift annuity. Amounts are payable either quarterly or monthly. Assets received under a gift annuity contract are held as general assets of the Organization, and the annuity liability is a general obligation of the Organization. All assets received under a gift annuity contract are pooled with other gift annuity contract funds and invested in equity and fixed income mutual funds and in cash equivalents. Those investments are held in an account segregated from the Organization's other investments.

Irrevocable split-interest agreements in which the Organization does control the trust assets are recognized in the Organization's financial statements when the trust is executed. The fair value of the trust assets and the present value of the expected future payments to be made to other beneficiaries are recorded as assets and liabilities, respectively, and the difference is recorded as contribution revenue.

On an annual basis, the Organization revalues the liability to reflect distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate and applicable mortality tables.

Amounts included in the accompanying consolidated statements of financial position at December 31 from these types of agreements are as follows:

	2015	2014
Assets held under charitable gift annuities included in investments	$ 82,710	$ 66,477
Beneficial interest in pooled income funds	123,626	123,257
Liabilities to other beneficiaries	35,523	36,216

As required by the State of Wisconsin, the Organization has established a segregated account of at least $100,000 related to the charitable gift annuities. As of December 31, 2015 and 2014, the segregated account totaled $133,959 and $137,100, respectively, and is included in investments on the consolidated statements of financial position.

Included as a change in revenue on the statements of activities for the years ended December 31, 2015 and 2014, was $14,153 and $2,928, respectively, from changes in the value of split-interest agreements.

Note 5: Notes Receivable

The notes receivable are amounts loaned to area not-for-profit organizations and consist of the following at December 31:

	2015	2014
Community Assets for People, Inc., entire balance due December 31, 2021, interest payable annually at 4.0% through December 31, 2014, and at 3.5% thereafter through December 31, 2021	$ 103,500	$ 104,000
North Central Community Action Program, Inc., entire balance due January 30, 2017, interest payable annually at 2.5%	26,593	26,593
Notes receivable	$ 130,093	$ 130,593

Note 6: Notes Payable

The Organization has a $263,500 note payable that was due in December 2015. During 2015, the note was renewed to extend the date to June 2017. Through December 12, 2015, monthly payments were interest only at a rate of 3.25%. Effective December 12, 2015, monthly payments are interest only at a rate of 4.50%. The proceeds were utilized to purchase the historic building which is the collateral for the note payable.

The Organization has a $150,000 note payable with principal and accrued interest at a rate of 4.00% due in full in June 2035. No monthly payments of principal or interest are due. The note was issued to finance land purchased from the holder of the note.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of remainder interests in split-interest agreements and unconditional promises to give, which are restricted by time at December 31, as follows:

	2015	2014
Unconditional promises to give - Net - Time restricted	$ -	$ 5,000
Beneficial interest in pooled income funds	123,626	123,257
Charitable gift annuities	181,145	167,361
Total temporarily restricted net assets	$ 304,771	$ 295,618

Note 8: Net Assets Released From Restrictions

In 2015 and 2014, $5,000 and $3,642,717 of net assets were released from restriction due to the receipt of payment for unconditional promises to give.

Note 9: Major Contributors

For the year ended December 31, 2015, one donor accounted for $563,229 (42%) of contributions. For the year ended December 31, 2014, two donors accounted for $1,437,300 (66%) of contributions.

Note 10: Retirement Plan

The Organization sponsors a 401(k) defined contribution retirement plan which covers all eligible employees. Employees become eligible after meeting hours of service and minimum age requirements. Employees may make elective contributions to the plan and, at the discretion of the Organization, the employer may make contributions to the plan. For the years ended December 31, 2015 and 2014, the amount of retirement plan expense was $56,672 and $50,636, respectively.

Note 11: Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 classifications.

Supplementary Information

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses

Year Ended December 31, 2015	Program Services*	Management and General	Fund-Raising	Total Expenses
Distributions approved for charitable purposes	$ 807,531	$ -	$ -	$ 807,531
Wages	1,187,571	218,077	70,934	1,476,582
Retirement plan	46,301	7,482	2,889	56,672
Employee benefits	252,085	46,504	14,542	313,131
Payroll taxes	102,547	18,582	5,414	126,543
Professional fees for services	832,369	81,267	24,520	938,156
Investment management and trustee fees	-	141,459	-	141,459
Advertising and promotion	12,369	24	2,424	14,817
Office expenses	53,909	8,844	7,793	70,546
Information technology	85,325	11,708	6,763	103,796
Travel	79,760	8,068	3,058	90,886
Meeting, training program, and conference costs	224,147	2,237	2,009	228,393
Interest	3,159	-	-	3,159
Occupancy	122,399	1,926	621	124,946
Depreciation	50,938	5,822	1,877	58,637
Insurance	5,879	4,219	347	10,445
Fund program-related activities	176,422	-	-	176,422
Communications and sponsorships	4,897	196	63	5,156
Dues, subscriptions, and books	12,783	783	2,047	15,613
Provision for uncollectible receivables and promises to give	1,606	-	350	1,956
Other expenses	-	(349)	-	(349)
Total functional expenses	$ 4,061,997	$ 556,849	$ 145,651	$ 4,764,497

*See Note 1 - Nature of Activities

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses (Continued)

Year Ended December 31, 2014	Program Services*	Management and General	Fund-Raising	Total Expenses
Distributions approved for charitable purposes	$ 727,726	$ -	$ -	$ 727,726
Wages	989,572	245,121	76,017	1,310,710
Retirement plan	38,101	9,650	2,885	50,636
Employee benefits	180,657	48,291	14,743	243,691
Payroll taxes	82,472	20,280	5,751	108,503
Professional fees for services	617,127	77,914	27,490	722,531
Investment management and trustee fees	-	161,739	-	161,739
Advertising and promotion	13,433	2,480	762	16,675
Office expenses	38,734	12,003	7,638	58,375
Information technology	94,536	17,004	8,048	119,588
Travel	63,674	2,132	816	66,622
Meeting, training program, and conference costs	152,985	3,680	3,564	160,229
Interest	9,752	-	-	9,752
Occupancy	72,027	2,472	758	75,257
Depreciation	55,817	9,317	2,863	67,997
Insurance	4,960	4,232	381	9,573
Fund program-related activities	136,974	-	-	136,974
Communications and sponsorships	11,825	1,320	329	13,474
Dues, subscriptions, and books	10,890	1,961	1,067	13,918
Credit for uncollectible receivables and promises to give	-	-	(5,935)	(5,935)
Other expenses	-	538	-	538
Total functional expenses	$ 3,301,262	$ 620,134	$ 147,177	$ 4,068,573

*See Note 1 - Nature of Activities

See Independent Auditor's Report.