Incourage Community Foundation, Inc. and Affiliate

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2016 and 2015

WIPFLi LLP
CPAs and Consultants

Independent Auditor's Report

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

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, 2016 and 2015, 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 that 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, 2016 and 2015, 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 21 and 22 are presented for the purpose of additional analysis and are 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

August 28, 2017
Wausau, Wisconsin

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31	2016	2015
Current assets:		
Cash and cash equivalents	$ 133,601	$ 237,917
Unconditional promises to give - Less allowance for uncollectible promises to give of $0 and $1,050 at December 31, 2016 and 2015, respectively:		
For the Organization	406,532	-
For other agencies	-	675
Grants receivable	19,898	52,232
Notes receivable	26,593	-
Other assets	37,205	47,589
Total current assets	623,829	338,413
Investments	25,349,248	27,607,277
Notes receivable	505,713	130,093
Property and equipment:		
Land	444,140	444,140
Buildings and improvements	1,034,960	1,033,467
Office equipment, furnishings, and technology	408,076	356,661
Totals	1,887,176	1,834,268
Less - Accumulated depreciation	457,002	427,898
Net depreciated value	1,430,174	1,406,370
Capital additions in progress	1,450,240	1,293,641
Net property and equipment	2,880,414	2,700,011
Other assets:		
Beneficial interest in pooled income funds	129,780	123,626
Other	2,951	3,115
Total other assets	132,731	126,741
TOTAL ASSETS	$ 29,491,935	$ 30,902,535

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position (Continued)

December 31	2016	2015
Current liabilities:		
Grants payable	$ 139,536	$ 166,691
Accounts payable	97,226	242,500
Accrued payroll and benefits	57,864	191,466
Accrued interest	650	650
Funds held for other agencies	1,256,098	1,265,375
Total current liabilities	1,551,374	1,866,682
Long-term liabilities:		
Notes payable	413,500	413,500
Accrued interest	9,140	3,140
Charitable gift annuities	33,716	35,523
Total long-term liabilities	456,356	452,163
Total liabilities	2,007,730	2,318,845
Net assets:		
Unrestricted:		
Designated	13,814,379	13,990,869
Donor advised	3,255,546	3,156,723
Field of interest/scholarships	6,211,070	6,152,946
Undesignated	3,484,431	4,978,381
Total unrestricted	26,765,426	28,278,919
Temporarily restricted	718,779	304,771
Total net assets	27,484,205	28,583,690
TOTAL LIABILITIES AND NET ASSETS	$ 29,491,935	$ 30,902,535

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Activities

Years Ended December 31	2016	2015
Unrestricted net assets:		
Revenue and other support:		
Contributions	$ 749,591	$ 1,337,435
Grant revenue	67,412	146,927
Interest and dividends	516,613	716,277
Rent	31,080	31,080
Program and facilitation services	2,166	2,961
Net assets released from restriction	-	5,000
Total revenue and other support	1,366,862	2,239,680
Functional expenses:		
Program services:		
Distributions approved for charitable purposes	960,102	807,531
Direct program services	2,619,052	3,254,466
Management and general	477,977	556,849
Fund-raising	116,285	145,651
Total functional expenses	4,173,416	4,764,497
Other income (loss) - Net realized and unrealized gain (loss) on investments	1,293,061	(1,003,731)
Decrease in unrestricted net assets	(1,513,493)	(3,528,548)
Temporarily restricted net assets:		
Contributions	406,532	-
Net assets released from restrictions	-	(5,000)
Net realized and unrealized gain on investments	7,476	14,153
Increase in temporarily restricted net assets	414,008	9,153
Changes in net assets	(1,099,485)	(3,519,395)
Net assets at beginning	28,583,690	32,103,085
Net assets at end	$ 27,484,205	$ 28,583,690

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31		2016		2015
Increase (decrease) in cash and cash equivalents:				
Cash flows from operating activities:				
Changes in net assets	$	(1,099,485)	$	(3,519,395)
Adjustments to reconcile changes in net assets to net cash used in operating activities:				
Provision for depreciation		43,646		58,637
Net realized and unrealized (gain) loss on investments		(1,300,537)		989,578
Contribution of marketable equity securities		(70,408)		(35,915)
Change in present value of beneficial interest in pooled income funds		(6,154)		(369)
Change in present value of charitable gift annuities		(1,807)		(693)
Provision for uncollectible receivables and promises to give		-		1,956
Changes in operating assets and liabilities:				
Unconditional promises to give		(405,857)		3,394
Grants receivable		32,334		(2,860)
Other assets		(391,665)		(990)
Grants payable		(27,155)		68,338
Accounts payable		(108,954)		18,428
Accrued interest		6,000		3,344
Accrued payroll and benefits		(133,602)		10,391
Funds held for other agencies		(9,277)		(34,607)
Total adjustments		(2,373,436)		1,078,632
Net cash used in operating activities		(3,472,921)		(2,440,763)
Cash flows from investing activities:				
Proceeds from sale and maturity of investments		9,019,185		9,127,105
Payment for purchase of investments		(5,390,211)		(5,558,251)
Acquisition of property and equipment		(260,369)		(1,091,036)
Net cash provided by investing activities		3,368,605		2,477,818
Net increase (decrease) in cash and cash equivalents		(104,316)		37,055
Cash and cash equivalents at beginning		237,917		200,862
Cash and cash equivalents at end	$	133,601	$	237,917

Noncash operating and investing activities:

For the years ended December 31, 2016 and 2015, the Organization received $70,408 and $35,915, respectively, in gifts of noncash investments.

Included in accounts payable at December 31, 2016 and 2015, is $39,333 and $75,653, 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 consolidated 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, user-centered, place-based approach, its primary mission involves promoting philanthropy in furtherance of building community in Wisconsin's south Wood County area. 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 its mission.

In addition to the traditional community foundation grant-making role, the Organization directly organizes, develops and leads programs and community initiatives that aim to rebuild and diversify its local economy. 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 to promote community prosperity built on valuing workers, supporting local employers, and investing in economic growth; participating in the John S. and James L. Knight Foundation's Community Information Challenge, focusing on resident-centered processes to create a more informed, engaged, and connected community; 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 user-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 engaged residents in determining the building's future uses and overall design. The redeveloped facility will serve as a "community accelerator" -- accelerating economic growth and opportunity, environmental sustainability, learning, creativity, and connections for the community's benefit. At its core, the Tribune will be a community enterprise focused on cultivating entrepreneurs and growing a strong and inclusive local economy.

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 user-centered, values-led, place-based philanthropic institution that recognizes that tangible changes in the community culture and its supporting systems take 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. 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 by time 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, 2016 and 2015, 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. During 2016 and 2015, the Organization determined no evaluations of reversibility were necessary.

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, 2016 and 2015.

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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 collectibility, 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 $14,000 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.

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 August 28, 2017, 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:

	2016	2015
Certificates of deposit	$ 81,029	$ 163,057
Money market funds	2,075,947	2,783,124
Fixed income mutual funds	3,934,359	4,765,837
Fixed income commingled funds	577,909	555,435
Equities	11,562	-
Equity mutual funds	15,894,493	16,519,419
Equity commingled funds	1,633,281	1,696,759
Private equity collective investment funds	212,953	220,415
Limited investment partnership	927,715	903,231
Total investments	$ 25,349,248	$ 27,607,277

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 $131,407 and $141,459 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, the Organization's total net unrealized gain was $4,884,085 and $3,982,043, respectively.

Note 3: Fair Value Measurements

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 and equities 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 net asset value 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:

	2016				
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Certificates of deposit	$ -	$ 81,029	$ -	$ -	$ 81,029
Money market funds	2,464	2,073,483	-	-	2,075,947
Fixed income mutual funds:					
U.S. short-term bonds	151,096	-	-	-	151,096
U.S. intermediate term bonds	2,175,624	-	-	-	2,175,624
U.S. inflation protected bonds	1,213,438	-	-	-	1,213,438
U.S. bank loans	8,385	-	-	-	8,385
U.S. high yield bonds	10,104	-	-	-	10,104
Global bonds	370,650	-	-	-	370,650
Emerging markets bonds	5,062	-	-	-	5,062
Equities	11,562	-	-	-	11,562
Equity mutual funds:					
U.S. large cap growth	681,949	-	-	-	681,949
U.S. large cap blend	5,054,172	-	-	-	5,054,172
U.S. large cap value	683,265	-	-	-	683,265
U.S. mid cap growth	247,406	-	-	-	247,406
U.S. mid cap blend	1,325,463	-	-	-	1,325,463
U.S. mid cap value	248,651	-	-	-	248,651
U.S. small cap growth	247,465	-	-	-	247,465
U.S. small cap value	248,894	-	-	-	248,894
International developed large cap growth	625,924	-	-	-	625,924
International developed large cap blend	4,666,361	-	-	-	4,666,361
International emerging markets diversified	1,864,943	-	-	-	1,864,943
Investments measured at net asset value	-	-	-	3,351,858	3,351,858
Total investments	19,842,878	2,154,512	-	3,351,858	25,349,248
Beneficial interest in pooled income funds	-	129,780	-	-	129,780
Total assets	$ 19,842,878	$ 2,284,292	$ -	$ 3,351,858	$ 25,479,028
Liability - Charitable gift annuities	$ -	$ 33,716	$ -	$ -	$ 33,716

Note 3: Fair Value Measurements (Continued)

	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)

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:

	2016			
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fixed income commingled funds (a)	$ 577,909	$ -	Daily	10 days
Equity commingled funds (b)	1,633,281	-	Monthly	15-45 days
Private equity collective investment funds (c)	212,953	42,500	N/A	N/A
Limited investment partnership (d)	927,715	-	Annually	60 Days
Totals	$ 3,351,858	$ 42,500		

	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 10 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 to 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.

Note 3: Fair Value Measurements (Continued)

(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.

- 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:

	2016	2015
Assets held under charitable gift annuities included in investments	$ 73,632	$ 82,710
Beneficial interest in pooled income funds	129,780	123,626
Liabilities to other beneficiaries	33,716	35,523

Note 4: Split-Interest Agreements (Continued)

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, 2016 and 2015, the segregated account totaled $142,552 and $133,959, respectively, and is included in investments on the consolidated statements of financial position.

Included as a change in temporarily restricted net assets on the statements of activities for the years ended December 31, 2016 and 2015, was $7,476 and $14,153, 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:

	2016	2015
Forward Community Investments, Inc., entire balance due October 7, 2023, interest payable semi-annually at 2.5% through October 7, 2020, and at a maximum of 4.5% thereafter through October 7, 2023	$ 251,473	$ -
Community Assets for People, LLC, entire balance due October 3, 2023, interest payable annually at 2.0% through October 3, 2020, and at a maximum of 4.0% thereafter through October 3, 2023	150,740	-
Community Assets for People, Inc., entire balance due December 31, 2021, interest payable annually at 3.5%	103,500	103,500
North Central Community Action Program, Inc., entire balance due January 30, 2017, interest payable annually at 2.5%	26,593	26,593
Notes receivable	532,306	130,093
Less - Current portion	26,593	-
Long-term notes receivable	$ 505,713	$ 130,093

Note 6: Notes Payable

The Organization has a $263,500 note payable that was due in June 2017. Subsequent to December 31, 2016, the note was renewed to extend the date to December 12, 2018. Monthly payments are interest only at a rate of 3.25% through December 12, 2015, at a rate of 4.50% effective December 12, 2015 through June 12, 2017, and at a rate of 4.75% effective June 12, 2017. The proceeds were utilized to purchase the historic building which is the collateral for the note payable.

Note 6: Notes Payable (Continued)

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 assets which are restricted by time at December 31, as follows:

	2016	2015
Unconditional promises to give	$ 406,532	$ -
Beneficial interest in pooled income funds	129,780	123,626
Charitable gift annuities	182,467	181,145
Total temporarily restricted net assets	$ 718,779	$ 304,771

Note 8: Net Assets Released From Restrictions

In 2015, $5,000 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, 2016, one donor accounted for $532,812 (46%) of contributions. For the year ended December 31, 2015, one donor accounted for $563,229 (42%) 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, 2016 and 2015, the amount of retirement plan expense was $63,068 and $56,672, respectively.

Supplementary Information

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses

Year Ended December 31, 2016	Program Services*	Management and General	Fund-Raising	Total Expenses
Distributions approved for charitable purposes	$ 960,102	$ -	$ -	$ 960,102
Wages	1,234,456	199,885	66,842	1,501,183
Retirement plan	52,545	7,933	2,590	63,068
Employee benefits	281,431	45,526	14,984	341,941
Payroll taxes	111,792	17,981	5,554	135,327
Professional fees for services	202,477	41,500	7,496	251,473
Investment management and trustee fees	-	131,407	-	131,407
Advertising and promotion	3,032	490	162	3,684
Office expenses	31,771	7,503	6,585	45,859
Information technology	46,157	6,905	5,433	58,495
Travel	64,272	3,234	2,911	70,417
Meeting, training program, and conference costs	294,623	3,088	869	298,580
Interest	6,367	-	-	6,367
Occupancy	61,548	1,722	572	63,842
Depreciation	39,441	3,157	1,048	43,646
Insurance	6,695	4,261	359	11,315
Fund program-related activities	164,208	-	-	164,208
Communications and sponsorships	6,230	120	40	6,390
Dues, subscriptions, and books	12,007	2,235	840	15,082
Other expenses	-	1,030	-	1,030
Total functional expenses	$ 3,579,154	$ 477,977	$ 116,285	$ 4,173,416

*See Note 1 - Nature of Activities

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses (Continued)

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

See Independent Auditor's Report.