Incourage Community Foundation, Inc. and Affiliate

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2017 and 2016

WIPFLi LLP
CPAs and Consultants

WIPFLi LLP

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, 2017 and 2016, and the related consolidated statements of activities, functional expenses, 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, 2017 and 2016, 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.

Wipfli LLP

Wipfli LLP

July 16, 2018
Green Bay, Wisconsin

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31	2017	2016
Current assets:		
Cash and cash equivalents	$ 113,397	$ 133,601
Unconditional promises to give - Less allowance for uncollectible promises to give of $0 at December 31, 2017 and 2016, respectively	250	406,532
Grants receivable	-	19,898
Notes receivable	-	26,593
Other assets	46,872	37,205
Total current assets	160,519	623,829
Investments	25,221,872	25,349,248
Notes receivable	501,271	505,713
Property and equipment:		
Land	444,140	444,140
Buildings and improvements	1,041,075	1,034,960
Office equipment, furnishings, and technology	517,097	408,076
Totals	2,002,312	1,887,176
Less - Accumulated depreciation	490,212	457,002
Net depreciated value	1,512,100	1,430,174
Capital additions in progress	1,437,687	1,450,240
Total property and equipment	2,949,787	2,880,414
Other assets:		
Beneficial interest in pooled income funds	134,120	129,780
Unconditional promises to give - Less current portion	250	-
Other	4,564	2,951
Total other assets	138,934	132,731
TOTAL ASSETS	$ 28,972,383	$ 29,491,935

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Financial Position (Continued)

December 31		2017		2016
Current liabilities:				
Current portion of notes payable	$	263,500	$	-
Grants payable		104,950		139,536
Accounts payable		73,931		97,226
Accrued payroll and benefits		125,703		57,864
Accrued interest		686		650
Funds held for other agencies		1,304,122		1,256,098
Total current liabilities		1,872,892		1,551,374
Long-term liabilities:				
Notes payable		150,000		413,500
Accrued interest		15,140		9,140
Charitable gift annuities		32,111		33,716
Total long-term liabilities		197,251		456,356
Total liabilities		2,070,143		2,007,730
Net assets:				
Unrestricted:				
Designated		15,033,315		13,814,379
Donor advised		1,363,847		3,255,546
Field of interest/scholarships		7,047,716		6,211,070
Undesignated		3,135,964		3,484,431
Total unrestricted		26,580,842		26,765,426
Temporarily restricted		321,398		718,779
Total net assets		26,902,240		27,484,205
TOTAL LIABILITIES AND NET ASSETS	$	28,972,383	$	29,491,935

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Activities

Years Ended December 31	2017	2016
Unrestricted net assets:		
Revenue and other support:		
Contributions	$ 1,654,979	$ 749,591
Grant revenue	16,638	67,412
Interest and dividends	546,980	516,613
Rent	30,840	31,080
Program and facilitation services	730	2,166
Net assets released from restrictions	406,532	-
Total revenue and other support	2,656,699	1,366,862
Functional expenses:		
Program services:		
Distributions approved for charitable purposes	3,084,075	960,102
Direct program services	2,335,242	2,619,052
Management and general	473,317	477,977
Fund-raising	143,095	116,285
Total functional expenses	6,035,729	4,173,416
Other income:		
Net realized and unrealized gain on investments	3,192,256	1,293,061
Other miscellaneous income	2,190	-
Total other income	3,194,446	1,293,061
Decrease in unrestricted net assets	(184,584)	(1,513,493)
Temporarily restricted net assets:		
Contributions	500	406,532
Net assets released from restrictions	(406,532)	-
Net realized and unrealized gain on investments	8,651	7,476
Increase (decrease) in temporarily restricted net assets	(397,381)	414,008
Changes in net assets	(581,965)	(1,099,485)
Net assets at beginning	27,484,205	28,583,690
Net assets at end	$ 26,902,240	$ 27,484,205

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses

Year Ended December 31, 2017	Program Services*	Management and General	Fund-Raising	Total Expenses
Distributions approved for charitable purposes	$ 3,084,075	$ -	$ -	$ 3,084,075
Wages	1,166,544	193,114	62,612	1,422,270
Retirement plan	51,156	8,056	2,740	61,952
Employee benefits	249,659	40,266	13,349	303,274
Payroll taxes	104,859	16,945	5,260	127,064
Professional fees for services	299,300	58,833	42,101	400,234
Investment management and trustee fees	-	127,669	-	127,669
Advertising and promotion	3,830	473	153	4,456
Office expenses	32,621	4,968	5,521	43,110
Information technology	51,435	5,639	5,285	62,359
Travel	57,627	1,311	449	59,387
Meeting, training program, and conference costs	70,216	1,807	2,210	74,233
Interest	6,366	-	-	6,366
Occupancy	91,531	1,977	641	94,149
Depreciation	50,306	5,272	1,711	57,289
Insurance	6,129	4,145	327	10,601
Fund program-related activities	76,641	-	-	76,641
Communications and sponsorships	5,800	41	13	5,854
Dues, subscriptions, and books	11,276	1,650	723	13,649
Provision (credit) for uncollectible receivables and promises to give	(54)	-	-	(54)
Other expenses	-	1,151	-	1,151
Total functional expenses	$ 5,419,317	$ 473,317	$ 143,095	$ 6,035,729

*See Note 1 - Nature of Activities

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Functional Expenses (Continued)

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

See accompanying notes to consolidated financial statements.

Incourage Community Foundation, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31	2017	2016
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	$ (581,965)	$ (1,099,485)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Provision for depreciation	57,289	43,646
Net realized and unrealized gain on investments	(3,200,907)	(1,300,537)
Contribution of marketable equity securities	(15,150)	(70,408)
Change in present value of beneficial interest in pooled income funds	(4,340)	(6,154)
Change in present value of charitable gift annuities	(1,605)	(1,807)
Provision for uncollectible receivables and promises to give	(54)	-
Changes in operating assets and liabilities:		
Unconditional promises to give	406,086	(405,857)
Grants receivable	19,898	32,334
Other assets	19,755	(391,665)
Grants payable	(34,586)	(27,155)
Accounts payable	13,982	(108,954)
Accrued interest	6,036	6,000
Accrued payroll and benefits	67,839	(133,602)
Funds held for other agencies	48,024	(9,277)
Total adjustments	(2,617,733)	(2,373,436)
Net cash used in operating activities	(3,199,698)	(3,472,921)
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	24,433,407	9,019,185
Payment for purchase of investments	(21,089,974)	(5,390,211)
Acquisition of property and equipment	(163,939)	(260,369)
Net cash provided by investing activities	3,179,494	3,368,605
Net decrease in cash and cash equivalents	(20,204)	(104,316)
Cash and cash equivalents at beginning	133,601	237,917
Cash and cash equivalents at end	$ 113,397	$ 133,601

Noncash operating and investing activities:

For the years ended December 31, 2017 and 2016, the Organization received $15,150 and $70,408, respectively, in gifts of noncash investments.

Included in accounts payable at December 31, 2017 and 2016, is $2,056 and $39,333, respectively, for property and equipment.

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 partners with residents, businesses and civic leaders in rural Central Wisconsin 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 and economic 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, mission/impact investing and financing, stewarding resources, 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 user-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* (the "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 true social enterprise focused on cultivating entrepreneurs and growing a sustainable living 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.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) for the nonprofit industry. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. Currently, the Organization does not have any permanently restricted net assets.

GAAP provides that if a governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Organization's Board of Directors (the "Board") has that ability (variance power); however, the Board would intend to exercise this authority only if the stated purpose of the contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Organization's consolidated financial statements classify substantially all funds, including the principal of endowment funds, as unrestricted net assets, but segregate for internal management and endowment record keeping the portion that is held as endowment from the funds that are currently available for grants. In addition, to ensure the Organization observes the limitations and restrictions placed on the funds by the donors, the Organization's accounts are managed as individual charitable funds.

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 accordance with 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 2017 and 2016, 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, 2017 and 2016.

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

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.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Organization receives irrevocable title to contributed assets and agrees to make fixed period payments over various periods, generally over the remaining life of the donor. Contributed assets are recorded at fair value at the date of receipt, and a liability is established for the present value of future annuity payments. Assets to fund these liabilities are included in investments on the accompanying statements of financial position.

At the date the annuity is entered into, the excess of contributed assets over the annuity liability is recorded as unrestricted contribution revenue. Any subsequent gain or loss resulting from the computation of the liability for the present value of future annuity payments performed on an annual basis is recorded as an unrestricted change in the value of charitable gift annuities and is presented in contribution income on the statements of activities. Upon termination of the annuity contract, any remaining liability is recognized as contribution income on the accompanying statements of activities.

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 $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.

Note 1: Summary of Significant Accounting Policies (Continued)

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than private foundations under Section 509(a)(2) of the Code. The Organization is also exempt from state income taxes on related income.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not-recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Subsequent Events

Subsequent events have been evaluated through July 16, 2018, 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:

	2017	2016
Certificates of deposit	$ 50,199	$ 81,029
Money market funds	2,573,811	2,075,947
Fixed income mutual funds	3,569,234	3,934,359
Fixed income commingled funds	625,083	577,909
Equities	6,634,252	11,562
Equity mutual funds	9,587,861	15,894,493
Equity commingled funds	1,167,999	1,633,281
Private equity collective investment funds	350,852	212,953
Limited investment partnership	662,581	927,715
Total investments	$ 25,221,872	$ 25,349,248

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 $127,669 and $131,407 for the years ended December 31, 2017 and 2016, respectively.

Note 2: Investments (Continued)

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, 2017 and 2016, the total net unrealized gain was $3,940,220 and $4,884,085, respectively.

Note 3: Fair Value Measurements

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

Money market funds are valued at historical cost which approximates fair value. 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 funds 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. Charitable gift annuities are valued using the actuarial present value of amounts due under annuity agreements using inputs payable over various periods, generally the life of the donor. 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:

	2017				
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Money market funds	$ 2,222	$ 2,571,589	$ -	$ -	$ 2,573,811
Fixed income mutual funds:					
U.S. short-term bonds	64,460	-	-	-	64,460
U.S. intermediate term bonds	2,245,515	-	-	-	2,245,515
U.S. inflation protected bonds	1,099,162	-	-	-	1,099,162
Global bonds	153,375	-	-	-	153,375
Emerging markets bonds	6,722	-	-	-	6,722
Equities	6,634,252	-	-	-	6,634,252
Equity mutual funds:					
U.S. large cap growth	299,389	-	-	-	299,389
U.S. large cap blend	489,517	-	-	-	489,517
U.S. large cap value	289,922	-	-	-	289,922
U.S. mid cap growth	94,443	-	-	-	94,443
U.S. mid cap blend	517,887	-	-	-	517,887
U.S. mid cap value	107,178	-	-	-	107,178
U.S. small cap growth	103,202	-	-	-	103,202
U.S. small cap value	97,935	-	-	-	97,935
International developed large cap growth	256,347	-	-	-	256,347
International developed large cap blend	5,825,084	-	-	-	5,825,084
International emerging markets diversified	1,506,957	-	-	-	1,506,957
Investments measured at net asset value	-	-	-	2,806,515	2,806,515
Total investments	19,793,569	2,571,589	-	2,806,515	25,171,673
Beneficial interest in pooled income funds	-	-	134,120	-	134,120
Total assets	$ 19,793,569	$ 2,571,589	$ 134,120	$ 2,806,515	$ 25,305,793
Liability - Charitable gift annuities	$ -	$ -	$ 32,111	$ -	$ 32,111

Note 3: Fair Value Measurements (Continued)

	2016				
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
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	2,073,483	-	3,351,858	25,268,219
Beneficial interest in pooled income funds	-	-	129,780	-	129,780
Total assets	$ 19,842,878	$ 2,073,483	$ 129,780	$ 3,351,858	$ 25,397,999
Liability - Charitable gift annuities	$ -	$ -	$ 33,716	$ -	$ 33,716

Note 3: Fair Value Measurements (Continued)

Reconciliation of the fair value hierarchy tables to the financial statements is as follows:

	2017	2016
Investments	$ 25,221,872	$ 25,349,248
Less - Certificates of deposit	50,199	81,029
Total assets per the fair value hierarchy table	$ 25,171,673	$ 25,268,219

Charitable Gift Annuities - Liability

The present value of the Organization's future obligation related to its charitable gift annuities as of December 31 is summarized as follows:

	2017	2016
Beginning balance	$ 33,716	$ 35,523
Actuarial change in value	(1,605)	(1,807)
Totals	$ 32,111	$ 33,716

Beneficial Interest in Pooled Income Funds

The discounted present value of cash flows of the Organization's estimated irrevocable remainder interest related to its beneficial interest in pooled income funds as of December 31 is summarized as follows:

	2017	2016
Beginning balance	$ 129,780	$ 123,626
Actuarial change in value	4,340	6,154
Totals	$ 134,120	$ 129,780

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:

	2017			
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fixed income commingled funds (a)	$ 625,083	$ -	Daily	10 days
Equity commingled funds (b)	1,167,999	-	Daily	15-45 days
Private equity collective investment funds (c)	350,852	222,044	N/A	N/A
Limited investment partnership (d)	662,581	-	Annually	60 Days
Total	$ 2,806,515	$ 222,044		

	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	-	N/A	60 Days
Total	$ 3,351,858	$ 42,500		

(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) These funds were 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. These funds do not permit redemptions, and the private equity fund lives run to December 31, 2021 and October 4, 2027, with cash distributions from time to time as determined by the funds.

(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:

	2017	2016
Assets held under charitable gift annuities included in investments	$ 64,982	$ 73,632
Beneficial interest in pooled income funds	134,120	129,780
Liabilities to other beneficiaries	32,111	33,716

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, 2017 and 2016, the segregated account totaled $153,907 and $142,552, 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, 2017 and 2016, was $8,650 and $7,476, 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:

	2017	2016
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	$ 250,531	$ 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	150,740
Community Assets for People, Inc., entire balance due December 31, 2021, interest payable annually at 3.5%	100,000	103,500
North Central Community Action Program, Inc., entire balance due January 30, 2017, interest payable annually at 2.5%	-	26,593
Notes receivable	501,271	532,306
Less - Current portion	-	26,593
Long-term notes receivable	$ 501,271	$ 505,713

All notes receivable are considered to be for community development purposes. The Organization regularly evaluates various attributes of loans 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's community development class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not. The Organization has not identified any loans that are nonperforming. In addition, the Organization has not identified any loans that are past due according to the contractual terms; therefore, no loans have been placed on nonaccrual status. The Organization has not had to grant any concessions to the borrowers as troubled debt restructurings due to financial difficulties and has not individually evaluated any loans for impairment. As stated in Note 1, no allowance for doubtful accounts is necessary given the Organization's analysis of the credit quality of its portfolio.

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 maturity date to December 12, 2018. Monthly payments are interest only at a rate of 4.50% through June 12, 2017, and at a rate of 4.75% effective June 12, 2017. The proceeds were utilized to purchase the historic Tribune 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:

	2017	2016
Unconditional promises to give	$ 500	$ 406,532
Beneficial interest in pooled income funds	134,120	129,780
Charitable gift annuities	186,778	182,467
Total temporarily restricted net assets	$ 321,398	$ 718,779

Note 8: Major Contributors

For the year ended December 31, 2017, one donor accounted for $935,889 (57%) of contributions. For the year ended December 31, 2016, one donor accounted for $532,812 (46%) of contributions.

Note 9: 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, 2017 and 2016, the amount of retirement plan expense was $61,951 and $63,068, respectively.

Note 10: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 11: Net Assets Released From Restrictions

In 2017, $406,532 of net assets were released from restriction due to the receipt of payment for unconditional promises to give.