YMCA OF THE FOX CITIES AND ITS AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of the Fox Cities and its Affiliate
Appleton, Wisconsin

We have audited the accompanying consolidated financial statements of YMCA of the Fox Cities and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of America. 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 auditors' 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 YMCA of the Fox Cities and its Affiliate as of December 31, 2015 and 2014, and the changes in their net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
March 31, 2016

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,645,146	$ 5,780,516
Accounts Receivable	247,775	310,055
Grants Receivable	15,324	8,104
Pledges Receivable, Net	1,291,562	686,863
Prepaid Expenses and Supplies	153,051	134,385
Total Current Assets	10,352,858	6,919,923
PROPERTY AND EQUIPMENT, NET	28,364,600	28,825,968
INVESTMENTS	8,199,574	8,308,143
OTHER ASSETS		
Beneficial Interest in Purdy Trust	1,437,576	1,503,801
Long-Term Pledges Receivable, Net	2,293,750	1,228,813
Loan Fees, Net	67,115	75,542
Total Other Assets	3,798,441	2,808,156
Total Assets	$ 50,715,473	$ 46,862,190

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	2015	2014
CURRENT LIABILITIES		
Accounts Payable	$ 1,159,170	$ 569,280
Current Maturities of Long-Term Debt	185,000	194,272
Accrued Liabilities	706,246	680,213
Deferred Revenue	813,757	743,319
Total Current Liabilities	2,864,173	2,187,084
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities Above	2,070,000	2,255,000
Interest Rate Swap	56,251	69,150
Total Long-Term Liabilities	2,126,251	2,324,150
Total Liabilities	4,990,424	4,511,234
NET ASSETS		
Unrestricted:		
Net Investment in Property and Equipment	26,176,715	26,452,238
Board-Designated for Endowment:		
Appleton YMCA Endowment Trust	3,453,355	3,880,664
Neenah - Menasha YMCA Endowment Trust	3,740,213	4,221,714
Board-Designated for Capital Campaign	-	42,716
Undesignated	5,062,223	3,693,924
Total Unrestricted Net Assets	38,432,506	38,291,256
Temporarily Restricted	4,865,245	2,558,072
Permanently Restricted	2,427,298	1,501,628
Total Net Assets	45,725,049	42,350,956
Total Liabilities and Net Assets	$ 50,715,473	$ 46,862,190

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT								
Contributions	$ 10,518	$ 4,376,695	$ 1,005,000	$ 5,392,213	$ 127,802	$ 3,629,123	$ 12,000	$ 3,768,925
United Way	-	574,168	-	574,168	-	575,822	-	575,822
Grants	149,295	-	-	149,295	140,671	-	-	140,671
Fundraising	272,767	-	-	272,767	309,668	-	-	309,668
Net Assets Released from Restrictions	2,674,358	(2,674,358)	-	-	1,912,219	(1,912,219)	-	-
Program Fees	12,099,908	-	-	12,099,908	11,302,781	-	-	11,302,781
Membership	7,963,504	-	-	7,963,504	7,749,538	-	-	7,749,538
Net Investment Loss	(528,599)	-	-	(528,599)	(125,101)	-	-	(125,101)
Other	339,240	-	-	339,240	396,250	-	-	396,250
Total Revenues, Gains, and Public Support	22,980,991	2,276,505	1,005,000	26,262,496	21,813,828	2,292,726	12,000	24,118,554
EXPENSES								
Program Services	19,257,342	-	-	19,257,342	18,904,147	-	-	18,904,147
Management and General	3,173,930	-	-	3,173,930	2,819,135	-	-	2,819,135
Fundraising	408,469	-	-	408,469	421,671	-	-	421,671
Total Expenses	22,839,741	-	-	22,839,741	22,144,953	-	-	22,144,953
Total Revenues, Gains, and Public Support in Excess (Deficient) of Expenses	141,250	2,276,505	1,005,000	3,422,755	(331,125)	2,292,726	12,000	1,973,601
OTHER CHANGES IN NET ASSETS								
Change in Beneficial Interest in Purdy Trust	-	(3,896)	(79,330)	(83,226)	-	23,713	(23,153)	560
Distributions from Purdy Trust	-	34,564	-	34,564	-	-	-	-
Total Other Changes in Net Assets	-	30,668	(79,330)	(48,662)	-	23,713	(23,153)	560
CHANGE IN NET ASSETS	141,250	2,307,173	925,670	3,374,093	(331,125)	2,316,439	(11,153)	1,974,161
Net Assets - Beginning of Year	38,291,256	2,558,072	1,501,628	42,350,956	38,622,381	241,633	1,512,781	40,376,795
NET ASSETS - END OF YEAR	$ 38,432,506	$ 4,865,245	$ 2,427,298	$ 45,725,049	$ 38,291,256	$ 2,558,072	$ 1,501,628	$ 42,350,956

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages and Benefits	$ 11,658,299	$ 2,141,062	$ 123,139	$ 13,922,500	$ 11,227,543	$ 1,911,952	$ 117,856	$ 13,257,351
Program Supplies	1,015,211	-	5,608	1,020,819	916,042	-	-	916,042
Food and Related Supplies	24,477	-	-	24,477	27,090	-	-	27,090
Supplies	556,571	10,867	2,906	570,344	594,305	10,659	2,639	607,603
Marketing and Postage	233,840	27,631	13,500	274,971	214,967	12,922	2,738	230,627
Training	43,350	58,877	3,268	105,495	36,713	59,477	4,689	100,879
Telephone	74,919	10,311	774	86,004	75,292	11,312	860	87,464
Occupancy	1,461,433	32,070	26	1,493,529	1,648,248	37,082	26	1,685,356
Repairs and Maintenance	1,083,235	2,854	-	1,086,089	1,074,496	9,115	-	1,083,611
Equipment	274,146	19,171	1,413	294,730	307,898	12,413	950	321,261
Contract Services	393,698	478,497	30,035	902,230	372,919	395,334	39,651	807,904
Insurance	172,764	2,257	-	175,021	167,236	6,911	-	174,147
Transportation	181,657	12,546	1,175	195,378	181,708	14,970	905	197,583
National Support	-	263,986	-	263,986	-	223,684	-	223,684
Miscellaneous	262,314	23,496	58,494	344,304	252,467	17,666	43,492	313,625
Fundraising	-	-	168,131	168,131	-	-	207,865	207,865
Depreciation and Amortization	1,821,428	90,305	-	1,911,733	1,807,223	95,638	-	1,902,861
Total Expenses	$ 19,257,342	$ 3,173,930	$ 408,469	$ 22,839,741	$ 18,904,147	$ 2,819,135	$ 421,671	$ 22,144,953

See accompanying Notes to Consolidated Financial Statements.

YMCA OF THE FOX CITIES AND ITS AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 3,374,093	$ 1,974,161
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,911,733	1,902,861
Contributions Restricted for Capital Campaign	(3,175,471)	(2,466,673)
Loss on Sale of Property and Equipment	19,648	4,016
Net Realized and Unrealized Losses on Investments	585,400	229,175
Change in Beneficial Interest in Purdy Trust	83,226	(560)
Gain on Interest Rate Swap Agreement	(12,899)	(8,015)
(Increase) Decrease in Assets:		
Accounts Receivable	62,280	(17,318)
Grants Receivable	(7,220)	(76)
Pledges Receivable	(4,484)	24,832
Prepaid Expenses and Supplies	(18,666)	(7,571)
Increase (Decrease) in Liabilities:		
Accounts Payable	(14,057)	(83,830)
Accrued Liabilities	26,033	113,792
Deferred Revenue	70,438	34,706
Net Cash Provided by Operating Activities	2,900,054	1,699,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Beneficial Interest in Purdy Trust	(17,001)	(38,807)
Purchase of Property and Equipment	(859,139)	(1,098,459)
Proceeds from Sale of Property and Equipment	1,500	2,250
Purchases of Investments	(1,116,985)	(213,132)
Proceeds from Sale of Investments	640,154	325,013
Net Cash Used by Investing Activities	(1,351,471)	(1,023,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Capital Campaign	1,510,319	581,698
Principal Payments on Long-Term Debt	(194,272)	(188,979)
Net Cash Provided by Financing Activities	1,316,047	392,719
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,864,630	1,069,084
Cash and Cash Equivalents - Beginning of Year	5,780,516	4,711,432
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,645,146	$ 5,780,516
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 55,137	$ 58,182
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to Property and Equipment Included in Accounts Payable	$ 603,947	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF OPERATIONS

YMCA of the Fox Cities (the Organization) is a nonprofit charitable association dedicated to building healthy spirit, mind, and body. Part of a worldwide movement, it puts Christian principles into practice through programs that promote good health, strong families, youth leadership, community development, and international understanding. The Organization is open to men, women, and children of all ages, incomes, abilities, races, and religions. It operates its programs in five locations and is available to residents of the Fox Cities, Wisconsin metropolitan area.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and its affiliate, the Appleton YMCA Endowment Trust (the Affiliate). The Affiliate is a nonprofit organization controlled by the Organization. Its sole purpose is the support of the Organization. The fiscal year end of the Affiliate is June 30; however, balances as of December 31 have been used in the consolidation. Significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization and the Affiliate define cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes.

Pledges Receivable

Unconditional promises to give made to the Organization and the Affiliate are recorded in the year the pledge is made. Amounts that are expected to be collected within one year are recorded at their net realizable value. Pledges expected to be collected in future years are recorded at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for pledges receivable to give is determined based on experience.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than sixty days. Interest is not charged on past due accounts receivable.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of $2,500 and all expenditures for improvements and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land improvements	15 years
Buildings	20 – 40 years
Equipment	3 – 10 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are presented in the accompanying consolidated financial statements at fair value using methodologies described in Note 4 - Fair Value Measurements. Realized gains and losses on the sale of investments are reported based upon the specific identification method.

Investment income is reported in the accompanying consolidated statements of activities as unrestricted, temporarily restricted, or permanently restricted revenue based upon donor-imposed restrictions or governing law.

Beneficial Interest in Purdy Trust

Beneficial interest in Purdy trust is presented in the accompanying consolidated financial statements at fair value using methodologies described in Note 4 - Fair Value Measurements.

Based upon donor-imposed restrictions and governing law, all interest and dividends earned by the perpetual trust were accounted for on the accompanying consolidated statement of activities as temporarily restricted revenue, while realized and unrealized gains and losses were accounted for as permanently restricted revenue.

Loan Fees

Loan fees are being amortized on a straight-line basis over the twenty-year term of the related debt. Accumulated amortization as of December 31, 2015 and 2014 was $101,422 and $92,995, respectively.

Agency Accounts

Agency accounts consist of cash funds held under various agency relationships. These accounts are included within accrued liabilities in the accompanying consolidated statements of financial position.

Net Assets

Net assets, revenues, gains, and losses are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and the Affiliate are classified and reported as follows:

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

Temporarily Restricted - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization or its Affiliate pursuant to those stipulations.

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization or its Affiliate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

The Organization and the Affiliate have received notification that they qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and accordingly, are not subject to federal or state income taxes.

Taxes Collected and Remitted

The Organization presents taxes collected and remitted to governmental authorities on the net basis, excluding such amounts from revenue.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization and the Affiliate report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program service fees are earned. Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

Donated Services and Assets

The Organization receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the years ended December 31, 2015 and 2014.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation.

Reclassifications

Certain amounts reported in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated subsequent events through March 31, 2016, the date the financial statements were available to be issued.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New Accounting Pronouncements

During the year ended December 31, 2015, the entity early adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. This provision eliminates the requirement for entities, other than public business entities, to disclose the fair values of financial instruments carried at amortized cost, as previously required by Accounting Standards Codification (ASC) 825-10-50. As such, the entity has omitted this disclosure for the years ended December 31, 2015 and 2014. The early adoption of this provision did not have an impact on the entity's financial position or results of operations.

NOTE 3 INVESTMENTS

A summary of investments was as follows at December 31:

	2015	2014
Cash Equivalents	$ 127,465	$ 222,329
Mutual Funds	8,066,103	8,074,538
Partnership Funds	-	5,027
Beneficial Interest in Investments Held by Community Foundation	6,006	6,249
Total Investments	$ 8,199,574	$ 8,308,143

Net investment loss was summarized as follows at December 31:

	2015	2014
Interest and Dividends	$ 97,161	$ 108,132
Net Realized Gains (Losses)	(245,471)	1,237,553
Net Unrealized Losses	(339,929)	(1,427,921)
Fees	(40,360)	(42,865)
Net Investment Loss	$ (528,599)	$ (125,101)

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.

Level 3 - Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Equity Securities and Mutual Funds

Equity securities and mutual funds are valued at the quoted Net Asset Value (NAV) of shares held by the Organization at year end.

Partnership Funds

The partnership funds are valued at NAV of a pro-rata share of the partnership funds held by the Organization at year end. The NAV is calculated by adding the value of its investments, cash and other assets and subtracting its accrued liabilities and expenses.

The assets using NAV above do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interests

Community Foundation

Beneficial interest in assets held by Community Foundation represents amounts held at the Community Foundation for the Fox Valley Region (the Foundation) on the Organization's behalf. The Foundation invests the assets held in the fund. The Organization has used the fair value of its pro-rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Foundation; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

Purdy Trust

The Organization has been named as a beneficiary of a perpetual trust, whose assets are held by Legacy Private Trust Company as trustee. The trust agreement allows for distribution of the annual dividend and interest income earned by the perpetual trust to the Organization. By definition, beneficial interests are accounted for as Level 3 assets within the fair value hierarchy.

Interest Rate Swap

The fair values of the interest rate swap agreement are based on estimates using standard pricing models that take into account the present value of future cash flows as of the balance sheet date. The fair value of the interest rate swap is based on quotes from market makers of this instrument and represents the estimated amount that the Organization would expect to receive or pay to terminate the agreement.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value at December 31, 2015:

	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Equities	$ 6,786,904	$ -	$ -	$ 6,786,904
Fixed Income	1,279,199	-	-	1,279,199
Partnership Funds	-	-	-	-
Beneficial Interest in:				
Purdy Trust	-	-	1,437,576	1,437,576
Assets Held by the Community Foundation	-	-	6,006	6,006
Assets Presented at Fair Value	$ 8,066,103	$ -	$ 1,443,582	9,509,685
Cash Equivalents				127,465
Total				$ 9,637,150
Liabilities:				
Interest Rate Swap	$ -	$ (56,251)	$ -	$ (56,251)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value at December 31, 2014:

	2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Equities	$ 6,542,355	$ -	$ -	$ 6,542,355
Fixed Income	1,532,183	-	-	1,532,183
Partnership Funds	-	-	5,027	5,027
Beneficial Interest in:				
Purdy Trust	-	-	1,503,801	1,503,801
Assets Held by the Community Foundation	-	-	6,249	6,249
Assets Presented at Fair Value	$ 8,074,538	$ -	$ 1,515,077	9,589,615
Cash Equivalents				222,329
Total				$ 9,811,944
Liabilities:				
Interest Rate Swap	$ -	$ (69,150)	$ -	$ (69,150)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The tables below set forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended December 31:

	2015		
	Partnership Funds	Community Foundation	Trust
Balance - Beginning of Year	$ 5,027	$ 6,249	$ 1,503,801
Contributions	2,239	-	17,001
Total Realized/Unrealized Gains (Losses)	-	(295)	(79,330)
Investment Income	-	52	30,668
Distributions	(7,266)	-	(34,564)
Balance - End of Year	$ -	$ 6,006	$ 1,437,576

	2014		
	Partnership Funds	Community Foundation	Trust
Balance - Beginning of Year	$ 195,236	$ 6,069	$ 1,464,434
Contributions	-	-	38,807
Total Realized/Unrealized Gains (Losses)	(1,717)	124	(23,153)
Investment Income	-	56	23,713
Distributions	(188,492)	-	-
Balance - End of Year	$ 5,027	$ 6,249	$ 1,503,801

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2015	2014
World Service	$ -	$ 250
Annual Campaign	37,126	32,392
Capital Campaign	3,809,822	2,075,162
Total Pledges Receivable	3,846,948	2,107,804
Less: Discount to Present Value at 3.00%	(214,013)	(166,188)
Total	3,632,935	1,941,616
Less: Allowance for Uncollectible Amounts	(47,623)	(25,940)
Net Pledges Receivable	$ 3,585,312	$ 1,915,676
Amounts Due in:		
Less than One Year	$ 1,291,562	$ 686,863
One to Five Years	2,293,750	1,228,813
Net Pledges Receivable	$ 3,585,312	$ 1,915,676

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2015	2014
Land and Land Improvements	$ 7,595,832	$ 7,572,495
Buildings	41,771,473	41,681,798
Equipment	6,120,478	6,005,240
Construction in Progress	1,008,947	63,400
Total, at Cost	56,496,730	55,322,933
Less: Accumulated Depreciation	(28,132,130)	(26,496,965)
Net Property and Equipment	$ 28,364,600	$ 28,825,968

Total depreciation expense for the years ended December 31, 2015 and 2014 was $1,903,306 and $1,894,434, respectively.

NOTE 7 ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	2015	2014
Payroll Related Items	$ 539,260	$ 485,833
Payroll Tax	447	11,129
Agency Accounts	28,244	42,661
Health Claims	118,754	120,603
Property Tax and Other	19,541	19,987
Total Accrued Liabilities	$ 706,246	$ 680,213

NOTE 8 DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	2015	2014
Membership	$ 270,341	$ 271,324
Program	543,416	471,995
Total Deferred Revenue	$ 813,757	$ 743,319

NOTE 9 LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2015	2014
Mortgage note requiring annual payments of $10,264, including interest at 5.75% per annum through April 2015, secured by certain real estate.	$ -	$ 9,272
Promissory note due to the Village of Kimberly, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the letter require annual principal payments in varying amounts on or before April 1 of each year through April 1, 2032; interest is payable monthly at varying rates (0.51% at December 31, 2015 and 2014).	910,000	1,040,000
Promissory note due to the Town of Greenville, Wisconsin; secured by a letter of credit at BMO Harris Bank and certain real estate; terms of the letter require annual principal payments in varying amounts on or before September 1 of each year through September 1, 2023; interest is payable monthly at a variable rate (1.54% and 1.47% December 31, 2015 and 2014, respectively).	1,345,000	1,400,000
Total	2,255,000	2,449,272
Less: Current Maturities	(185,000)	(194,272)
Long-Term Portion	$ 2,070,000	$ 2,255,000

Future principal requirements on long-term debt are as follows:

Year Ending December 31	Amount
2016	$ 185,000
2017	185,000
2018	190,000
2019	195,000
2020	195,000
Thereafter	1,305,000
Total	$ 2,255,000

NOTE 9 LONG-TERM DEBT (CONTINUED)

Certain notes described above are subject to performance and financial covenants. Management believes the Organization was in compliance with the applicable covenants at December 31, 2015. Interest expense was $54,778 and $57,873 for the years ended December 31, 2015 and 2014, respectively.

Interest Rate Swap

Effective February 2, 2009, the Organization entered into an interest rate swap agreement with its bank to fix the interest rate on $1,500,000 of its variable rate debt (decreasing periodically to $1,175,000 in 2018). The agreement is for ten years, terminating on January 1, 2019. The notional amount covered by the swap was $1,345,000 and $1,400,000 at December 31, 2015 and 2014, respectively. The fair value of this agreement was $(56,251) and $(69,150) as of December 31, 2015 and 2014, respectively.

NOTE 10 LINE-OF-CREDIT

The Organization has a $500,000 line-of-credit financing agreement with BMO Harris Bank. Interest is payable at the one-month LIBOR plus 2.25%. The line-of-credit is secured by all of the Organization’s assets and the current line expires on October 31, 2016. There was no outstanding balance on the line-of-credit at December 31, 2015 and 2014.

NOTE 11 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted for a purpose or for a time period as specified by the donor or governing law. The funds are not released to unrestricted net assets until this purpose or time restriction is met. At December 31, temporarily restricted net assets were available for the following purposes or periods:

	2015	2014
Pledges Receivable	$ 3,585,312	$ 1,915,676
Programs	144,927	66,790
Property and Equipment	1,135,006	575,606
Total Temporarily Restricted Net Assets	$ 4,865,245	$ 2,558,072

Permanently restricted net assets are restricted for the following purposes at December 31:

	2015	2014
Beneficial Interest in Trust	$ 1,427,298	$ 1,501,628
Bob Brown Safety Around the Water Fund	1,000,000	-
Total Permanently Restricted Net Assets	$ 2,427,298	$ 1,501,628

NOTE 12 ENDOWMENTS

The Organization's endowments consist of two funds established to support various purposes of the Organization, the Neenah Menasha Endowment Fund and the Appleton Endowment Fund. The endowments consist of funds intended to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Organization and the Affiliate classify permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment,
- The original value of subsequent gifts to the permanent endowment, and
- Appreciation (realized and unrealized) on the Bruce B. Purdy Nature Preserve Fund.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted until that amount is appropriated for expenditure by the Organization's board of directors. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect principal values in terms of current dollars and, over the longer term, to increase principal values enough to offset the impact of inflation. Under an investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results benchmarked on appropriate market indices based on the level of investment risk.

NOTE 12 ENDOWMENTS (CONTINUED)

The Organization and the Affiliate expect the Neenah Menasha Endowment Fund and the Appleton Endowment Fund, over time, to provide an average rate of return of approximately 5% plus inflation. The review of investment performance shall occur not less than semi-annually. Actual returns in any given year will likely vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization and its Affiliate rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment policies target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Asset allocations for each endowment are as follows:

Equity exposure should not exceed 70% of the total portfolio market value. Fixed income securities should not exceed 35% of the total portfolio market value and cash reserves should not exceed 10% of the total portfolio. Hedge fund securities and other alternative assets may account for up to 20% of the total portfolio.

Spending Policy

The Organization has a spending policy of appropriating up to 5% for distribution each year determined by using a three-year moving average of the total portfolio market values on December 31 of the prior fiscal years, not to exceed the three year investment return average percentage. A distribution greater than the spending policy can only be made if approved by a majority of the board of directors.

Endowment net assets by type of fund consisted of the following at December 31:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ -	$ -	$ 1,000,000	$ 1,000,000
Board-Designated	7,193,568	-	-	7,193,568
Total Funds	$ 7,193,568	$ -	$ 1,000,000	$ 8,193,568

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated	$ 8,102,378	$ -	$ -	$ 8,102,378

NOTE 12 ENDOWMENTS (CONTINUED)

Changes in endowment net assets were as follows for the year ended December 31:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 8,102,378	$ -	$ -	$ 8,102,378
Contributions	24,580	-	1,000,000	1,024,580
Investment Returns:				
Investment Income	89,151	-	-	89,151
Net Realized and and Unrealized Losses	(584,870)	-	-	(584,870)
Total Investment Returns	(495,719)	-	-	(495,719)
Appropriation of Endowment Assets for Expenditures	(437,671)	-	-	(437,671)
Endowment Net Assets, End of Year	$ 7,193,568	$ -	$ 1,000,000	$ 8,193,568

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 8,444,012	$ -	$ -	$ 8,444,012
Contributions	127,709	-	-	127,709
Investment Returns:				
Investment Income	102,037	-	-	102,037
Net Realized and and Unrealized Losses	(228,064)	-	-	(228,064)
Total Investment Returns	(126,027)	-	-	(126,027)
Appropriation of Endowment Assets for Expenditures	(343,316)	-	-	(343,316)
Endowment Net Assets, End of Year	$ 8,102,378	$ -	$ -	$ 8,102,378

NOTE 13 RETIREMENT PLAN

The Organization and the Affiliate participate in the National Young Men's Christian Association Retirement Plan and are contributing 12% of eligible salaries and hourly wages. Total contribution expense totaled $747,932 and $723,513 for the years ended December 31, 2015 and 2014, respectively.

NOTE 14 UNEMPLOYMENT COMPENSATION DEPOSIT

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, a $288,713 letter of credit in favor of the Wisconsin unemployment reserve fund was maintained for the years ended December 31, 2015 and 2014.

NOTE 15 SELF-FUNDED INSURANCE

The Organization provides health, dental, and vision benefits to employees and their dependents through self-funded health plans. The plans are administered by a third party and maintain an excess loss policy of $40,000 per employee per year, with an aggregate maximum limit of $974,987 and $1,030,411 as of December 31, 2015 and 2014, respectively.

Under its self-funded insurance plan, the Organization accrues an estimated liability based on claims filed subsequent to year end and an additional amount for incurred but not yet reported claims based on prior experience. Accruals for such costs of $118,754 and $120,603 were included in accrued expenses at December 31, 2015 and 2014, respectively. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

NOTE 16 COMMITMENTS AND CONTINGENCIES

The Organization entered into a contract in the amount of $3,374,967 related to the renovation of the Fox West location. As of December 31, 2015, $2,555,907 of the commitment had not yet been incurred.

The Organization entered into a contract in the amount of $2,093,567 related to the renovation of the Heart of the Valley location. As of December 31, 2015, $2,012,567 of the commitment had not yet been incurred.

The Organization has also entered into a contract related to the renovation of the Appleton location. Project costs under that contract are expected to be $1,950,000, none of which had been incurred as of December 31, 2015.

NOTE 17 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. In addition to the allowance for uncollectible promises to give and the self-funded insurance liability discussed above, these matters included the following:

The Organization maintains cash balances at several institutions. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2015 and 2014, the Organization had balances in excess of federally insured limits; however, management believes the risk of loss is low based on the quality of the entities holding these balances.