Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990-PF and its separate instructions is at www irs gov/form990pf

OMB No 1545-0052

2015

Open to Public Inspection

For calendar year 2015 or tax year beginning , and ending

Name of foundation: HIGHLANDS FOUNDATION, INC.

A Employer identification number: 20-3941123

Number and street (or P O box number if mail is not delivered to street address): 4717 HAMMERSLEY ROAD | Room/suite

B Telephone number: 608.271.2233

City or town, state or province, country, and ZIP or foreign postal code: MADISON, WI 53711-2708

C If exemption application is pending, check here ▶ [ ]

G Check all that apply: [ ] Initial return [ ] Initial return of a former public charity [ ] Final return [ ] Amended return [ ] Address change [ ] Name change

D 1 Foreign organizations, check here ▶ [ ]

2 Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

H Check type of organization: [X] Section 501(c)(3) exempt private foundation [ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 4,772,099.

J Accounting method [X] Cash [ ] Accrual [ ] Other (specify) (Part I, column (d) must be on cash basis)

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received			N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	110,991.	110,467.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	137,995.			
	b Gross sales price for all assets on line 6a 1,488,231.				
	7 Capital gain net income (from Part IV, line 2)		137,995.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 **Total.** Add lines 1 through 11	248,986.	248,462.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees				
	c Other professional fees STMT 2	30,898.	30,898.		0.
	17 Interest				
	18 Taxes STMT 3	2,414.	2,414.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 4	545.	545.		0.
	24 **Total operating and administrative expenses** Add lines 13 through 23	33,857.	33,857.		0.
	25 Contributions, gifts, grants paid	315,500.			315,500.
	26 **Total expenses and disbursements.** Add lines 24 and 25	349,357.	33,857.		315,500.
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-100,371.			
	b **Net investment income** (if negative, enter -0-)		214,605.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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523501 11-24-15 LHA For Paperwork Reduction Act Notice, see instructions. Form **990-PF** (2015)

22040504 144198 89124 2015.03040 HIGHLANDS FOUNDATION, INC 89124__1

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	125,000.	75,000.	75,000.
	2 Savings and temporary cash investments	76,599.	130,737.	130,737.
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶ Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S and state government obligations			
	b Investments - corporate stock STMT 5	2,986,808.	2,879,656.	3,199,816.
	c Investments - corporate bonds STMT 6	1,400,130.	1,402,541.	1,366,546.
	11 Investments land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	4,588,537.	4,487,934.	4,772,099.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	4,588,537.	4,487,934.	
	30 Total net assets or fund balances	4,588,537.	4,487,934.	
	31 Total liabilities and net assets/fund balances	4,588,537.	4,487,934.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,588,537.
2 Enter amount from Part I, line 27a	2	-100,371.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	4,488,166.
5 Decreases not included in line 2 (itemize) ▶ ADJUSTMENT FOR TIMING DIFFERENCE	5	232.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,487,934.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo., day, yr)
1a	PUBLICLY TRADED SECURITIES - LT			
b	PUBLICLY TRADED SECURITIES - LT WASH SALES			
c	PUBLICLY TRADED SECURITIES - ST			
d	PUBLICLY TRADED SECURITIES - ST WASH SALES			
e	CAPITAL GAINS DIVIDENDS			

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	897,661.		781,998.	115,663.
b	339.			339.
c	541,793.		568,238.	-26,445.
d	6,420.			6,420.
e	42,018.			42,018.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col (j), if any	(l) Gains (Col. (h) gain minus col (k), but not less than -0-) or Losses (from col. (h))
a				115,663.
b				339.
c				-26,445.
d				6,420.
e				42,018.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	137,995.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8	3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col (c))
2014	315,487.	5,200,008.	.060670
2013	251,700.	4,979,716.	.050545
2012	159,931.	4,685,237.	.034135
2011	192,500.	4,587,771.	.041959
2010	158,000.	4,345,348.	.036361

2 Total of line 1, column (d)	2	.223670
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.044734
4 Enter the net value of noncharitable-use assets for 2015 from Part X, line 5	4	5,016,090.
5 Multiply line 4 by line 3	5	224,390.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,146.
7 Add lines 5 and 6	7	226,536.
8 Enter qualifying distributions from Part XII, line 4	8	315,500.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions

Part VI | Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter ________ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	2,146.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b).				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	2,146.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income** Subtract line 4 from line 3 If zero or less, enter -0-			5	2,146.
6 Credits/Payments				
a 2015 estimated tax payments and 2014 overpayment credited to 2015	6a	5,207.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c			
d Backup withholding erroneously withheld	6d			
7 Total credits and payments Add lines 6a through 6d			7	5,207.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached			8	
9 **Tax due** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	3,061.
11 Enter the amount of line 10 to be **Credited to 2016 estimated tax** ▶	3,061.	**Refunded** ▶	11	0.

Part VII-A | Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)?	1b		X
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS?	2		X
If "Yes," attach a detailed description of the activities			
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		X
If "Yes," attach the statement required by General Instruction T			
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WI			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2015 or the taxable year beginning in 2015 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ JAMES BAKKE Telephone no. ▶ 608.271.2233

Located at ▶ 4717 HAMMERSLEY ROAD, MADISON, WI ZIP+4 ▶ 53717-2708

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

			Yes	No
16	At any time during calendar year 2015, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2015?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015? ☐ Yes ☒ No			
	If "Yes," list the years ▶ ____, ____, ____, ____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ____, ____, ____, ____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2015 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2015.)* N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2015?	4b		X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A | 5b | | |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53 4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | | X |

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | 7b | | |

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SUSAN A. BAKKE 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	PRESIDENT 1.00	0.	0.	0.
JAMES J. BAKKE 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	VICE PRESIDENT 1.00	0.	0.	0.
BLAINE R. RENFERT 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	SECRETARY & TREASURER 1.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	0.

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities	1a	4,841,684.
b	Average of monthly cash balances	1b	250,793.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	5,092,477.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	5,092,477.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	76,387.
5	**Net value of noncharitable-use assets** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,016,090.
6	**Minimum investment return.** Enter 5% of line 5	6	250,805.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	250,805.
2a	Tax on investment income for 2015 from Part VI, line 5 — 2a: 2,146.		
b	Income tax for 2015 (This does not include the tax from Part VI.) — 2b		
c	Add lines 2a and 2b	2c	2,146.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	248,659.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	248,659.
6	Deduction from distributable amount (see instructions)	6	0.
7	**Distributable amount** as adjusted Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	248,659.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1a	315,500.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	315,500.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	2,146.
6	**Adjusted qualifying distributions** Subtract line 5 from line 4	6	313,354.

Note The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				248,659.
2 Undistributed income, if any, as of the end of 2015				
a Enter amount for 2014 only			0.	
b Total for prior years ______ , ______ , ______		0.		
3 Excess distributions carryover, if any, to 2015				
a From 2010				
b From 2011				
c From 2012				
d From 2013 11,399.				
e From 2014 62,513.				
f Total of lines 3a through e	73,912.			
4 Qualifying distributions for 2015 from Part XII, line 4 ▶ $ 315,500.				
a Applied to 2014, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2015 distributable amount				248,659.
e Remaining amount distributed out of corpus	66,841.			
5 Excess distributions carryover applied to 2015 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	140,753.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2014 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2016				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2010 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2016 Subtract lines 7 and 8 from line 6a	140,753.			
10 Analysis of line 9				
a Excess from 2011				
b Excess from 2012				
c Excess from 2013 11,399.				
d Excess from 2014 62,513.				
e Excess from 2015 66,841.				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2015, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2015	(b) 2014	(c) 2013	(d) 2012	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

SEE STATEMENT 7

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ [X] if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or e-mail address of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE STATEMENT 8	NOT APPLICABLE	PC	SUPPORT	315,500.
Total			▶ 3a	315,500.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A **Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	110,991.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	137,995.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		248,986.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 248,986.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B **Relationship of Activities to the Accomplishment of Exempt Purposes**

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes)

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

Under penalties of perjury, I declare that I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No

Signature of officer or trustee | Date 5-16-2016 | Title Secretary/Treasurer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
RUSSELL L WOLFF, CPA, PARTNER	RUSSELL L WOLFF,	05/04/16		P00089483
Firm's name ▶ BAKER TILLY VIRCHOW KRAUSE, LLP			Firm's EIN ▶ 39-0859910	
Firm's address ▶ PO BOX 7398 MADISON, WI 53707-7398			Phone no 608.249.6622	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
US BANK - CGD	42,018.	42,018.	0.	0.	
US BANK - DIVIDENDS	108,707.	0.	108,707.	108,707.	
US BANK - NONDIVIDEND DISTRIBUTIONS	524.	0.	524.	0.	
US BANK - US GOVERNMENT INTEREST	1,760.	0.	1,760.	1,760.	
TO PART I, LINE 4	153,009.	42,018.	110,991.	110,467.	

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - AGENCY FEES	30,898.	30,898.		0.
TO FORM 990-PF, PG 1, LN 16C	30,898.	30,898.		0.

FORM 990-PF TAXES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - FOREIGN TAXES PAID	2,414.	2,414.		0.
TO FORM 990-PF, PG 1, LN 18	2,414.	2,414.		0.

FORM 990-PF — OTHER EXPENSES — STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - TAX LETTER FEE	300.	300.		0.
US BANK - OTHER INVESTMENT EXPENSES	245.	245.		0.
TO FORM 990-PF, PG 1, LN 23	545.	545.		0.

FORM 990-PF — CORPORATE STOCK — STATEMENT 5

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
US BANK - STOCKS	2,879,656.	3,199,816.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,879,656.	3,199,816.

FORM 990-PF — CORPORATE BONDS — STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
US BANK - BONDS	1,402,541.	1,366,546.
TOTAL TO FORM 990-PF, PART II, LINE 10C	1,402,541.	1,366,546.

FORM 990-PF — PART XV - LINE 1A LIST OF FOUNDATION MANAGERS — STATEMENT 7

NAME OF MANAGER

SUSAN A. BAKKE
JAMES J. BAKKE

Highlands Foundation, Inc. 20-3941123

FORM 990-PF Part XV Supplementary Information STATEMENT 8

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
American Heart Association 2850 Dairy Drive, Suite 300 Madison, WI 53718	N/A	Public Charity	Cardiovascular Health, Treatment and Disease Prevention Support	1,000
Bethel Lutheran Church 312 Wisconsin Avenue Madison, WI 53703	N/A	Public Charity	Religious Support	60,000
Domestic Abuse Intervention Services PO Box 1761 Madison WI 53701	N/A	Public Charity	Social Services Celebrate Independence Dress for DAIS	100,000 10,000 1,000
Friends of the Henry Vilas Zoo 606 South Randall Avenue Madison, WI 53715	N/A	Public Charity	Educational Services Circle of Friends	5,000
Foundation for Madison Public Schools 455 Science Drive, Suite 130 Madison, WI 53711	N/A	Public Charity	Educational Services Circle of Friends	5,000
Madison Children's Museum 100 North Hamilton Street Madison, WI 53703	N/A	Public Charity	Weider Ball Fund for the Future	2,500 10,000
Madison Symphony Orchestra League 222 West Washington Avenue, Suite 460 Madison, WI 53703	N/A	Public Charity	Concert on the Green Arts Support	2,500
National Center for Performing Arts 2440 Reservoir Avenue Trumbull, CT 06611	N/A	Public Charity	Kennedy Center Arts Support	41,000
United Way of Dane County 2059 Atwood Avenue Madison, WI 53704	N/A	Public Charity	Human Services Support	25,000
University of Wisconsin Foundation 1848 University Avenue Madison, WI	N/A	Public Charity	Carbone Cancer Center Research Support	1,000
University of Wisconsin Foundation 1848 University Avenue Madison, WI	N/A	Public Charity	School of Human Ecology Design and Micro Enterprise	50,000
Wisconsin Chamber Orchestra, Inc 321 East Main Street, Suite 104 Madison, WI 53703	N/A	Public Charity	Arts Support Concerts on the Square	1,500
Total Grants and Contributions				315,500

PORTFOLIO DETAIL

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Cash and Cash Equivalents				
Cash				
Principal Cash		-30,886 93	-30,886 93	
Income Cash		31,222 42	31,222 42	
Pending Cash		32,075 17	32,075 17	
Total Cash		**$32,410.66**	**$32,410 66**	**$0.00**
Taxable Cash Equivalents				
First Amer Prime Oblig Fund Cl Y - 31846V104 *HIGHLANDS FOUNDATION INC*				
51,885 110	1 0000	51,885.11	51,885.11	0 00
First Amer Prime Oblig Fund Cl Y - 31846V104 *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
20,582 080	1.0000	20,582 08	20,582.08	0.00
First Amer Prime Oblig Fund Cl Y - 31846V104 *HIGHLANDS FND AGY-SMA ROBECO*				
20,222 980	1.0000	20,222 98	20,222.98	0.00
First Amer Prime Oblig Fund Cl Y - 31846V104 *HIGHLANDS FND AGY-SMA ACADIAN*				
5,635.690	1 0000	5,635.69	5,635.69	0.00
Total First Amer Prime Oblig Fund Cl Y		**$98,325.86**	**$98,325.86**	**$0.00**
Total Taxable Cash Equivalents		**$98,325.86**	**$98,325.86**	**$0.00**
Total Cash and Cash Equivalents		**$130,736.52**	**$130,736.52**	**$0.00**

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Equity				
U.S. Equity				
A E S Corp - AES *HIGHLANDS FND AGY-SMA ROBECO*				
544 000	9 5700	5,206.08	6,797 12	-1,591.04
Activision Blizzard Inc - ATVI *HIGHLANDS FND AGY-SMA ROBECO*				
220 000	38 7100	8,516 20	4,890 03	3,626.17
Allstate Corp - ALL *HIGHLANDS FND AGY-SMA ROBECO*				
78 000	62 0900	4,843.02	4,288 98	554.04
Ally Financial Inc - ALLY *HIGHLANDS FND AGY-SMA ROBECO*				
268 000	18 6400	4,995 52	5,605 76	-610 24
Alphabet Inc Cl A - GOOGL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
17 000	778 0100	13,226.17	4,038,08	9,188 09
Alphabet Inc Cl C - GOOG *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
18 000	758 8800	13,659.84	4,248 44	9,411 40
Anadarko Petroleum Corp - APC *HIGHLANDS FND AGY-SMA ROBECO*				
57 000	48.5800	2,769 06	4,372 25	-1,603.19
Anthem Inc - ANTM *HIGHLANDS FND AGY-SMA ROBECO*				
44.000	139.4400	6,135 36	6,118.67	16 69
Apple Inc - AAPL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
417 000	105 2600	43,893 42	15,591,67	28,301.75
Bbt Corp - BBT *HIGHLANDS FND AGY-SMA ROBECO*				
115.000	37 8100	4,348 15	4,488.91	-140.76

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Berkshire Hathaway Inc Cl B - BRKB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
376 000	132.0400	49,647.04	37,756 71	11,890.33
Berkshire Hathaway Inc Cl B - BRKB *HIGHLANDS FND AGY-SMA ROBECO*				
198.000	132.0400	26,143.92	19,070.13	7,073.79
Total Berkshire Hathaway Inc Cl B		**$75,790.96**	**$56,826.84**	**$18,964.12**
Best Buy Co Inc - BBY *HIGHLANDS FND AGY-SMA ROBECO*				
70 000	30.4500	2,131 50	2,218.06	-86.56
Brocade Communications Sys - BRCD *HIGHLANDS FND AGY-SMA ROBECO*				
117 000	9.1800	1,074 06	655 20	418.86
Capital One Financial Corp - COF *HIGHLANDS FND AGY-SMA ROBECO*				
238 000	72 1800	17,178 84	15,556.82	1,622 02
Cardinal Health Inc - CAH *HIGHLANDS FND AGY-SMA ROBECO*				
58 000	89 2700	5,177 66	4,711.59	466.07
Cbs Corp Class B Non Voting - CBS *HIGHLANDS FND AGY-SMA ROBECO*				
115 000	47.1300	5,419 95	5,702.79	-282 84
Cigna Corp - CI *HIGHLANDS FND AGY-SMA ROBECO*				
47 000	146 3300	6,877.51	6,295 61	581 90
Cimarex Energy Co - XEC *HIGHLANDS FND AGY-SMA ROBECO*				
22 000	89 3800	1,966 36	2,598.11	-631.75
Cisco Systems Inc - CSCO *HIGHLANDS FND AGY-SMA ROBECO*				
429 000	27.1550	11,649 50	7,749 88	3,899 62
Citigroup Inc - C *HIGHLANDS FND AGY-SMA ROBECO*				
329 000	51.7500	17,025 75	12,107.61	4,918.14

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Cognizant Tech Solutions Cl A - CTSH *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
494 000	60.0200	29,649 88	15,669.65	13,980.23
Comcast Corp Class A - CMCSA *HIGHLANDS FND AGY-SMA ROBECO*				
87 000	56 4300	4,909.41	1,759 08	3,150.33
Computer Sciences Corp - CSC *HIGHLANDS FND AGY-SMA ROBECO*				
98.000	32 6800	3,202 64	3,042 65	159 99
Crane Co - CR *HIGHLANDS FND AGY-SMA ROBECO*				
32 000	47 8400	1,530 88	2,057 61	-526 73
Crown Holdings Inc - CCK *HIGHLANDS FND AGY-SMA ROBECO*				
102 000	50 7000	5,171.40	4,439 10	732 30
Cvs Health Corporation - CVS *HIGHLANDS FND AGY-SMA ROBECO*				
50 000	97.7700	4 888 50	1,673 65	3,214 85
Delta Air Lines Inc - DAL *HIGHLANDS FND AGY-SMA ROBECO*				
213 000	50 6900	10,796.97	8,432 73	2,364 24
Diamondback Energy Inc - FANG *HIGHLANDS FND AGY-SMA ROBECO*				
37 000	66 9000	2,475 30	2,909 34	-434.04
Discover Finl Svcs - DFS *HIGHLANDS FND AGY-SMA ROBECO*				
186 000	53.6200	9,973 32	8,886.85	1,086 47
Dow Chem Co - DOW *HIGHLANDS FND AGY-SMA ROBECO*				
86 000	51 4800	4,427 28	4,785 44	-358 16
E Bay Inc - EBAY *HIGHLANDS FND AGY-SMA ROBECO*				
212 000	27 4800	5,825 76	5,954 52	-128 76

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
E O G Res Inc - EOG *HIGHLANDS FND AGY-SMA ROBECO*				
161 000	70 7900	11,397 19	13,077.08	-1,679.89
Energen Corp - EGN *HIGHLANDS FND AGY-SMA ROBECO*				
64.000	40.9900	2,623.36	4,679.92	-2,056.56
Equitable Corp - EQT *HIGHLANDS FND AGY-SMA ROBECO*				
24.000	52.1300	1,251.12	2,478.99	-1,227 87
Express Scripts Hldgs C - ESRX *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
448 000	87.4100	39,159 68	19,392 28	19,767.40
Express Scripts Hldgs C - ESRX *HIGHLANDS FND AGY-SMA ROBECO*				
121 000	87 4100	10,576.61	7,028 05	3,548.56
Total Express Scripts Hldgs C		**$49,736.29**	**$26,420.33**	**$23,315.96**
Fifth Third Bancorp - FITB *HIGHLANDS FND AGY-SMA ROBECO*				
192 000	20.1000	3,859.20	2,479.82	1,379.38
General Dynamics Corp - GD *HIGHLANDS FND AGY-SMA ROBECO*				
61 000	137 3600	8,378 96	7,990 00	388.96
Gilead Sciences Inc - GILD *HIGHLANDS FND AGY-SMA ROBECO*				
94 000	101.1900	9,511 86	9,416 30	95.56
Glenmede Sc Equity Port Adv - GTCSX #5526 *HIGHLANDS FOUNDATION INC*				
3,182 719	24 8800	79,186 05	84,398.08	-5,212.03
Harris Corp Del - HRS *HIGHLANDS FND AGY-SMA ROBECO*				
75,000	86.9000	6,517 50	5,527.69	989.81

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Hewlett Packard Enterpris Wi - HPE *HIGHLANDS FND AGY-SMA ROBECO*				
331 000	15 2000	5,031 20	5,183.29	-152.09
Hj Heinz Holding Corp - KHC *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
278 000	72 7600	20,227 28	20,580 25	-352.97
Honeywell International Inc - HON *HIGHLANDS FND AGY-SMA ROBECO*				
26 000	103 5700	2,692 82	1,484.05	1,208.77
Hp Inc - HPQ *HIGHLANDS FND AGY-SMA ROBECO*				
248 000	11.8400	2,936.32	3,666 68	-730 36
Huntsman Corp - HUN *HIGHLANDS FND AGY-SMA ROBECO*				
234 000	11 3700	2,660.58	5,407 69	-2,747.11
International Paper Co - IP *HIGHLANDS FND AGY-SMA ROBECO*				
83 000	37 7000	3,129.10	3,501.77	-372.67
J P Morgan Chase Co - JPM *HIGHLANDS FND AGY-SMA ROBECO*				
380 000	66 0300	25,091.40	15,192.91	9,898 49
Johnson Johnson - JNJ *HIGHLANDS FND AGY-SMA ROBECO*				
169.000	102.7200	17,359 68	11,071.77	6,287.91
Lear Corp - LEA *HIGHLANDS FND AGY-SMA ROBECO*				
43 000	122 8300	5,281 69	2,175.88	3,105 81
Liberty Broadband C - LBRDK *HIGHLANDS FND AGY-SMA ROBECO*				
44 000	51 8600	2,281 84	1,753.07	528.77
Liberty Media Corp C - LMCK *HIGHLANDS FND AGY-SMA ROBECO*				
88 000	38 0800	3,351 04	2,065 36	1,285.68

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Lkq Corp - LKQ *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
791 000	29.6300	23,437 33	22,706.82	730.51
Lockheed Martin Corp - LMT *HIGHLANDS FND AGY-SMA ROBECO*				
52 000	217.1500	11,291.80	6,576.63	4,715 17
M T Bank Corp - MTB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
256 000	121.1800	31,022.08	29,582.19	1,439 89
Marathon Petroleum Corp - MPC *HIGHLANDS FND AGY-SMA ROBECO*				
42 000	51 8400	2,177.28	1,901.79	275.49
McKesson Corporation - MCK *HIGHLANDS FND AGY-SMA ROBECO*				
24 000	197.2300	4,733 52	4,717.70	15.82
Mead Johnson Nutrition Co - MJN *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
281 000	78 9500	22,184 95	23,309.14	-1,124.19
Merck and Co Inc - MRK *HIGHLANDS FND AGY-SMA ROBECO*				
161 000	52.8200	8,504 02	9,592.62	-1,088.60
Metlife Inc - MET *HIGHLANDS FND AGY-SMA ROBECO*				
86 000	48 2100	4,146 06	3,369.82	776 24
Microsoft Corp - MSFT *HIGHLANDS FND AGY-SMA ROBECO*				
336 000	55 4800	18,641 28	9,387 84	9,253 44
Navient Corp W D - NAVI *HIGHLANDS FND AGY-SMA ROBECO*				
225 000	11.4500	2,576 25	2,847.74	-271 49
Occidental Petroleum Corporation - OXY *HIGHLANDS FND AGY-SMA ROBECO*				
220 000	67 6100	14,874 20	14,639 67	234 53

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Omnicom Group Inc - OMC *HIGHLANDS FND AGY-SMA ROBECO*				
16 000	75.6600	1,210.56	773 44	437 12
Oracle Corporation - ORCL *HIGHLANDS FND AGY-SMA ROBECO*				
151.000	36.5300	5,516.03	5,905.00	-388 97
Paypal Holdings Inc - PYPL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
427 000	36.2000	15 457.40	14,274.78	1,182 62
Pfizer Inc - PFE *HIGHLANDS FND AGY-SMA ROBECO*				
457 000	32.2800	14,751.96	7,045 43	7,706 53
Phillips 66 - PSX *HIGHLANDS FND AGY-SMA ROBECO*				
138 000	81.8000	11,288 40	6,410 64	4,877.76
Priceline Com Inc - PCLN *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
20 000	1,274 9500	25,499.00	15,645 91	9,853 09
Qep Resources Inc - QEP *HIGHLANDS FND AGY-SMA ROBECO*				
201 000	13 4000	2,693 40	5,498 33	-2,804 93
Qualcomm Inc - QCOM *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
787 000	49 9850	39,338 20	42,731 45	-3,393 25
Quest Diagnostics Inc - DGX *HIGHLANDS FND AGY-SMA ROBECO*				
42 000	71 1400	2,987 88	2,211 05	776 83
Raytheon Company - RTN *HIGHLANDS FND AGY-SMA ROBECO*				
66 000	124 5300	8,218 98	3,637 26	4,581 72
Six Flags Entertainment - SIX *HIGHLANDS FND AGY-SMA ROBECO*				
53 000	54,9400	2,911 82	2,011.78	900.04

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Stericycle Inc - SRCL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
235 000	120 6000	28,341 00	23,465.61	4,875.39
T Rowe Price Mid Cap Growth Fd #64 - RPMGX *HIGHLANDS FOUNDATION INC*				
2,155 996	73 3200	158,077.63	120,982.82	37,094.81
T Rowe Price Mid Cap Value Fd Inc - TRMCX #115 *HIGHLANDS FOUNDATION INC*				
5,382.115	24 9400	134,229.95	109,993.90	24,236 05
Target Corp - TGT *HIGHLANDS FND AGY-SMA ROBECO*				
131.000	72.6100	9,511 91	10,749 28	-1,237 37
Textron Inc - TXT *HIGHLANDS FND AGY-SMA ROBECO*				
100.000	42.0100	4,201.00	4,213 90	-12 90
Time Inc - TIME *HIGHLANDS FND AGY-SMA ROBECO*				
62 000	15.6700	971 54	1,333 09	-361.55
Time Warner Inc - TWX *HIGHLANDS FND AGY-SMA ROBECO*				
77.000	64.6700	4,979.59	5,461.92	-482 33
Travelers Cos Inc - TRV *HIGHLANDS FND AGY-SMA ROBECO*				
35 000	112.8600	3,950.10	2,903.80	1,046.30
Tyson Foods Inc - TSN Cl A *HIGHLANDS FND AGY-SMA ROBECO*				
95 000	53 3300	5,066.35	3,050 98	2,015.37
United Continental Holdings Inc - UAL *HIGHLANDS FND AGY-SMA ROBECO*				
92 000	57 3000	5,271.60	4,779.15	492.45
United Technologies Corp - UTX *HIGHLANDS FND AGY-SMA ROBECO*				
57 000	96.0700	5,475.99	6,792 80	-1,316 81

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Verisk Analytics Inc Cl A - VRSK *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
296 000	76.8800	22,756 48	11,172.12	11,584.36
Verizon Communications Inc - VZ *HIGHLANDS FND AGY-SMA ROBECO*				
244 000	46 2200	11,277 68	11,588 67	-310 99
Visa Inc - V *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
267 000	77 5500	20,705 85	5,196 07	15,509 78
Wells Fargo Co - WFC *HIGHLANDS FND AGY-SMA ROBECO*				
390 000	54 3600	21,200.40	9,309 05	11,891 35
Western Digital Corp - WDC *HIGHLANDS FND AGY-SMA ROBECO*				
48 000	60 0500	2,882.40	3,240 63	-358.23
Westrock Co - WRK *HIGHLANDS FND AGY-SMA ROBECO*				
89 000	45.6200	4,060 18	5,398.52	-1,338.34
Zimmer Biomet Holdings Inc - ZBH *HIGHLANDS FND AGY-SMA ROBECO*				
40 000	102 5900	4,103 60	3,878 30	225.30
Total U.S. Equity		**$1,317,766.38**	**$1,041,311.61**	**$276,454.77**
Developed Foreign				
Ace Ltd - ACE *HIGHLANDS FND AGY-SMA ROBECO*				
87 000	116 8500	10,165 95	6,968 71	3,197.24
Adidas Ag A D R - ADDYY Repstg 0 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
113 000	48 5100	5,481 63	5,257 76	223 87
American Europacific Grth F2 - AEPFX #616 *HIGHLANDS FOUNDATION INC*				
8,214 208	45 2500	371,692.91	302,225.21	69,467.70

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Aon Plc - AON *HIGHLANDS FND AGY-SMA ROBECO*				
44 000	92 2100	4,057 24	4,269.88	-212.64
Avianca Holdings A D R - AVH Repstg 8 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
434 000	4.2700	1,853 18	6,391.98	-4,538 80
Barrick Gold Corp - ABX *HIGHLANDS FND AGY-SMA ROBECO*				
195 000	7 3800	1,439 10	3,526.92	-2,087 82
British Amern Tob Plc Spon A D R - BTI Repstg 2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
115 000	110 4500	12,701 75	9,597.26	3,104 49
Canadian Natural Resources Ltd - CNQ *HIGHLANDS FND AGY-SMA ROBECO*				
113 000	21 8300	2,466 79	3,887.19	-1,420.40
Canon Inc Spons A D R - CAJ Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
1,474 000	30.1300	44,411 62	47,429.11	-3,017.49
Chunghwa Telecom Co Ltd A D R - CHT Repstg 10 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
1,214 000	30 0300	36,456 42	36,844.44	-388.02
Core Laboratories N V - CLB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
191 000	108.7400	20,769 34	23,362.83	-2,593 49
Danone Spon A D R - DANOY Repstg 0.2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
880 000	13.6100	11,976 80	10,912.70	1,064 10
Delhaize Group Spons A D R - DEG Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
378 000	24.2900	9,181 62	6,699.09	2,482.53

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Dr Reddys Laboratories Ltd A D R - RDY Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
54 000	46.2900	2,499 66	2,791 11	-291.45
Flextronics International Ltd - FLEX *HIGHLANDS FND AGY-SMA ROBECO*				
465.000	11.2100	5,212.65	5,224.84	-12.19
Fly Leasing Ltd A D R - FLY Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
1,640 000	13 6500	22,386.00	22,894 55	-508 55
Fresenius Aktiengesellschaft A D R - FMS Repstg 0 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
231 000	41.8400	9,665 04	8,243 43	1,421.61
Glaxo Smithkline P L C A D R - GSK Repstg 2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
509 000	40 3500	20,538 15	22,305.86	-1,767 71
Honda Motor Co Ltd A D R - HMC Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
96 000	31.9300	3,065 28	3,160.47	-95 19
Hong Kong Television Ne A D R - HKTVY Repstg 20 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
50 000	3.6700	183 50	307 04	-123 54
Industrias Bachoco Sab De Cv A D R - IBA Repstg 12 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
434.000	49.2300	21,365 82	17,882 45	3,483 37
Ingersoll Rand Plc - IR *HIGHLANDS FND AGY-SMA ROBECO*				
58.000	55.2900	3,206.82	3,545 35	-338 53

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Intercontinental Hotels A D R - IHG Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN* 222 000	38.7400	8,600 28	8,366 55	233.73
Kt Corp Sp A D R - KT Repstg 5 Shs *HIGHLANDS FND AGY-SMA ACADIAN* 951 000	11.9100	11,326.41	12,391.86	-1,065 45
Liberty Global Plc Series C - G5480U120 *HIGHLANDS FND AGY-SMA ROBECO* 228 000	40.7700	9,295 56	7,800.56	1,495 00
Liberty Lilac Group C - LILAK *HIGHLANDS FND AGY-SMA ROBECO* 42 000	43 0000	1,806 00	1,576.19	229.81
Medtronic Plc - MDT *HIGHLANDS FND AGY-SMA ROBECO* 86 000	76 9200	6,615 12	6,617.70	-2 58
Methanex Corp - MEOH *HIGHLANDS FND AGY-SMA ROBECO* 82 000	33.0100	2,706 82	3,860.98	-1,154.16
Mizuho Fnl Grp A D R - MFG Repstg 2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN* 4,663 000	4.0400	18,838.52	18,621 62	216.90
National Grid Plc Sp A D R - NGG Repstg 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN* 675 000	69 5400	46,939.50	45,973.33	966.17
Nestle Sa Sponsored A D R - NSRGY Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN* 409,000	74 4200	30,437.78	30,677.49	-239.71
Nice Sys Ltd Sponsored A D R - NICE *HIGHLANDS FND AGY-SMA ACADIAN* 382,000	57 3200	21,896.24	17,905.75	3,990.49

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Novartis Ag A D R - NVS Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
251 000	86 0400	21,596 04	22,135,00	-538.96
Ntt Docomo Inc A D R - DCM Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
830.000	20 5000	17,015 00	12,825 68	4,189 32
Orix Corp Spons A D R - IX Repstg 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
40 000	70 2400	2,809 60	2,992,66	-183.06
Pearson P L C A D R - PSO Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
251 000	10 7800	2,705 78	4,349 22	-1,643,44
Perrigo Co Plc - PRGO *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
193 000	144 7000	27,927 10	29,027,13	-1,100.03
Relx Nv Spon A D R - RENX Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
1,281,000	16.8300	21,559.23	19,062.13	2,497.10
Roche Holdings Ltd Spon A D R - RHHBY Repstg 0 125 Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
815 000	34 4700	28,093,05	27,712 45	380.60
Schlumberger Ltd - SLB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*				
418 000	69 7500	29,155 50	30,647.33	-1,491 83
Seagate Technology - STX *HIGHLANDS FND AGY-SMA ROBECO*				
31.000	36 6600	1,136 46	883.93	252.53

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Smith Nephew Plc Spon A D R - SNN Repstg 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
727 000	35 6000	25,881.20	25,938 73	-57.53
Sumitomo Mitsui Finl Group A D R - SMFG Repstg 0 2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
594 000	7 5900	4,508 46	4,544.22	-35.76
Teva Pharmaceutical Inds Ltd A D R - TEVA Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ROBECO*				
23 000	65 6400	1,509 72	1,238.49	271.23
Teva Pharmaceutical Inds Ltd A D R - TEVA Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
162 000	65 6400	10,633 68	6,698.88	3,934 80
Total Teva Pharmaceutical Inds Ltd A D R		**$12,143.40**	**$7,937.37**	**$4,206.03**
Toyota Mtr Corp A D R - TM Repstg 2 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
39.000	123.0400	4,798.56	4,842.91	-44 35
Trinity Biotech Plc Spon A D R - TRIB Repstg 4 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
867 000	11 7600	10,195 92	12,110 66	-1,914.74
Wacoal Holdings Corp A D R - WACLY Repstg 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
120 000	59.7600	7,171 20	6,165 00	1,006.20
Westpac Banking Corp Sp A D R - WBK Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
256 000	24.2300	6,202.88	6,315 25	-112.37

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Wns Holdings Ltd Adr - WNS Repstg 1 Ord Sh *HIGHLANDS FND AGY-SMA ACADIAN*				
149 000	31 1900	4,647 31	3,142.38	1,504 93
Wpp Plc Spon A D R - WPPGY Repstg 5 Ord Shs *HIGHLANDS FND AGY-SMA ACADIAN*				
103.000	114 7400	11,818 22	11,135.42	682.80
Xl Group Plc - XL *HIGHLANDS FND AGY-SMA ROBECO*				
130,000	39.1800	5,093.40	4,720 31	373.09
Total Developed Foreign		**$1,023,697.81**	**$944,007.99**	**$79,689.82**
Emerging Foreign				
Baron Emerging Markets Institutional - BEXIX *HIGHLANDS FOUNDATION INC*				
7,057 347	10.5900	74,737 30	78,830 56	-4,093 26
Causeway Emerging Markets Instl - CEMIX #1273 *HIGHLANDS FOUNDATION INC*				
7,521 101	9.5800	72,052.15	81.980 00	-9,927 85
Total Emerging Foreign		**$146,789.45**	**$160,810.56**	**-$14,021.11**
Hedged Equity				
Highland Long Short Equity Z - HEOZX *HIGHLANDS FOUNDATION INC*				
8,336 607	11 4900	95,787 61	90,742 09	5,045 52
Neuberger Berman Long Sh Ins - NLSIX *HIGHLANDS FOUNDATION INC*				
5,648 109	12 4600	70,375.44	68,680.12	1,695 32

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Robeco Boston Partners L S Rsrch - BPIRX Instl *HIGHLANDS FOUNDATION INC*				
8,211,992	14 9100	122,440 80	122,419 22	21.58
Total Hedged Equity		**$288,603.85**	**$281,841.43**	**$6,762.42**
Total Equity		**$2,776,857.49**	**$2,427,971.59**	**$348,885.90**
Fixed Income Taxable				
Taxable U.S.				
Baird Aggregate Bond Fund - BAGIX Institutional Shrs #72 Standard & Poors Rating: N/A *HIGHLANDS FOUNDATION INC*				
38,095 605	10 6100	404,194 37	407,671 92	-3,477 55
Doubleline Total Ret Bd I - DBLTX Standard & Poors Rating N/A *HIGHLANDS FOUNDATION INC*				
38,387 955	10.7800	413,822.15	421,036 82	-7,214 67
Mainstay Floating Rate I - MXFIX Standard & Poors Rating N/A *HIGHLANDS FOUNDATION INC*				
19,405 691	8 9400	173,486 88	185,483.98	-11,997.10
Total Taxable U.S.		**$991,503.40**	**$1,014,192.72**	**-$22,689.32**
Taxable Foreign Emerging				
Tcw Emerging Markets Income Fund - TGEIX #4721 Standard & Poors Rating N/A *HIGHLANDS FOUNDATION INC*				
8,157,335	7 4700	60,935 29	72,029.27	-11,093 98
Total Taxable Foreign Emerging		**$60,935.29**	**$72,029.27**	**-$11,093.98**

PORTFOLIO DETAIL (continued)

Security Description Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Taxable Hedged Fixed Income				
Loomis Sayles Strategic Alpha Fund Y - LASYX Standard & Poors Rating N/A *HIGHLANDS FOUNDATION INC*				
33,274 053	9 4400	314,107 06	316,318 94	-2,211 88
Total Taxable Hedged Fixed Income		**$314,107.06**	**$316,318.94**	**-$2,211.88**
Total Fixed Income Taxable		**$1,366,545.75**	**$1,402,540.93**	**-$35,995.18**
Real Estate				
U.S. Listed Real Estate				
American Homes 4 Rent A - AMH *HIGHLANDS FND AGY-SMA ROBECO*				
106 000	16 6600	1,765 96	1,681 09	84 87
Total U.S. Listed Real Estate		**$1,765.96**	**$1,681.09**	**$84.87**
Foreign Listed Real Estate				
Principal Gl R E Sec Ins - POSIX #4905 *HIGHLANDS FOUNDATION INC*				
39,506 831	8 9300	352,796 00	334,256 12	18,539 88
Total Foreign Listed Real Estate		**$352,796.00**	**$334,256.12**	**$18,539.88**
Total Real Estate		**$354,561.96**	**$335,937.21**	**$18,624.75**
Commodities				
Credit Suisse Comm Ret ST Co - CRSOX *HIGHLANDS FOUNDATION INC*				
7,671 222	4 5100	34,597.21	56,553.17	-21,955.96

PORTFOLIO DETAIL (continued)

Security Description / Quantity	Market Price	Market Value	Cost Basis	Unrealized Gain/Loss
Inv Balance Risk Comm Str Y - BRCYX *HIGHLANDS FOUNDATION INC*				
5,425 322	6 2300	33,799.76	59,194 71	-25,394.95
Total Commodities		**$68,396.97**	**$115,747.88**	**-$47,350.91**
Total Assets		**$4,697,098.69**	**$4,412,934.13**	**$284,164.56**