



UWM FOUNDATION
ANNUAL REPORT
2019

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UWM Foundation, Inc.
1440 E. North Ave.
Milwaukee, WI 53202



Dear Friends,

As I complete my final year as chair, I want to thank my fellow board members for their ongoing support of UWM. Since I joined the board in 2007, the university has changed dramatically. Achieving the Carnegie Classification of Institutions of Higher Education's designation of highest research activity – often referred to as R1 – and its Community Engagement Classification are just a couple of examples. Support from the UWM Foundation has played an important role in so many of these accomplishments.

This year, we celebrated the successful conclusion of *Made in Milwaukee, Shaping the World: The Campaign for UWM*. The goal was to raise \$200 million in support of student success, research excellence and community engagement. Under the leadership of Chancellor Mark Mone and Vice Chancellor Patricia Borger, the final tally exceeded \$250 million. What a remarkable statement of the importance of this university to the community.

I am still amazed at the new things I learn almost daily about our wonderful university and the commitment of my fellow board members to this institution. I am pleased to present the 2019 Annual Report, which tells just a few of these stories and provides detail on the financial health of our organization.

UWM is an integral part of this community. Thank you for supporting our students, faculty and community partners.

Sincerely,

Andrew R. Schiesl
Chair
UWM Foundation Board of Directors

MADE IN MILWAUKEE. SHAPING THE WORLD.

THE CAMPAIGN FOR UWM



\$251,466,444 RAISED

ADDITIONS TO UWM FOUNDATION ENDOWMENT

\$55 MILLION
IN OUTRIGHT GIFTS & PLEDGES

\$24 MILLION
IN ESTATE GIFT EXPECTANCIES

\$129 MILLION
CURRENT VALUE OF ENDOWMENT

667
NEW FUNDS
CREATED

304 NEW
SCHOLARSHIP
FUNDS
CREATED

**\$133
MILLION**
RAISED FOR
STUDENT
SUCCESS

**\$89
MILLION**
RAISED FOR
RESEARCH
EXCELLENCE

**\$29
MILLION**
RAISED FOR
COMMUNITY
ENGAGEMENT

STUDENT SUCCESS

SCHOLARSHIP LEADS TO SECOND MASTER'S DEGREE



"I love numbers and serving people, so I decided to go back for a second master's degree – this time in accounting with the goal of becoming a CPA," says Treena Glover, a graduate student in the Sheldon B. Lubar School of Business. "The Melkus Scholarship is helping me pursue this goal. I don't know how I would have been able to afford school and prep for the CPA exam without it."

A serial volunteer with a bachelor's degree in accounting and a master's in mathematics, Treena plans to use this additional degree to help others. "Many people don't know how to do taxes, they don't have financial literacy, or they want to start a business, but they don't understand how to do a balance sheet,"

she explains. "I want to educate others."

Treena has experience as an educator at Chicago State University, the Illinois Institute of Technology and Richard J. Daley College. While she was working full time and raising her daughter on her own, Treena also served as coach for a math team at her daughter's school. "Service is a big thing to me," she adds.

Now that she has three grandchildren, Treena wants to set an example for them as well. "I am excited to earn this degree, so I can continue to help others and make my grandchildren proud!"

RESEARCH EXCELLENCE

RESEARCH CHAIR HELPS KIDS STAY HEALTHY



The College of Nursing's Joint Research Chair in the Nursing of Children broke new ground when it was created through a gift from the Children's Hospital of Wisconsin. The position enables a faculty member to conduct clinical nursing research and integrate that research into the curriculum at UWM's College of Nursing and the clinical programs at the Children's Hospital of Wisconsin.

Today, Michele Polfuss, holder of the Joint Research Chair since 2017, continues to explore new territory in pediatric nursing. Her research focuses on developing interventions for families and health care providers to help children with special needs make healthy choices, as these children are two to three times more likely to be obese than other kids.

Michele is now leading a national research team to investigate methods of accurately measuring the body composition of patients with spina bifida within a clinical setting. "We want to find a feasible method of measuring body fat that can be conducted cost-effectively and accurately in the clinic – and to provide better guidance to the family on nutritional intake recommendations, with the ultimate goal of preventing and treating obesity."

COMMUNITY ENGAGEMENT

LEGACY GIFT ENRICHES STUDENTS AND PUBLIC



Thanks to a legacy gift from the late Emile Mathis, the university now has a prominent space for the UWM Art Collection. Part of the College of Letters & Science, the Emile H. Mathis Gallery is a state-of-the-art 2,400-square-foot exhibition space located in Mitchell Hall. Here, art history students like Youngchul Shin have the opportunity to research and curate exhibitions, and ultimately share works of art with the public.

"I enjoy seeing how artists interpret stories and historical figures in their own stylistic approaches," Youngchul explains. "When a collection of art is on display, I want viewers to think about how several illustrations might depict a similar

subject in various ways. In this space, I can experience the entire curation process – from selecting works to displaying them and seeing how visitors respond to an exhibition."

Emile Mathis was an art connoisseur, collector and gallery owner whose gift to the university included more than 600 pieces of African art and more than 1,700 prints. Mathis, who passed away in 2012, wanted the university to use his prized collection for teaching and display for years to come. In support of this vision, he also established the Emile H. Mathis Endowment Fund to support the UWM Art Collection in perpetuity.

2019 SUPPORT TO CAMPUS

MESSAGE FROM THE TREASURER

William B. Coleman

The financial health of the UWM Foundation remained very strong for the 2019 fiscal year. As a result of the highly successful comprehensive fundraising campaign and a sound investment policy, we have grown our net assets from \$100 million to \$176 million since fiscal 2012, when the Campaign for UWM began. Total assets have grown to \$262 million and the investment portfolio has more than doubled to \$175 million during that same period of time.

Our support for the university is becoming ever more impactful. The foundation contributed nearly \$20 million to UWM through distributions to various programs in fiscal 2019, up from \$12 million at the start of the campaign in fiscal 2012. At the same time, we reduced our management fee for the second year in a row to 1.85%.

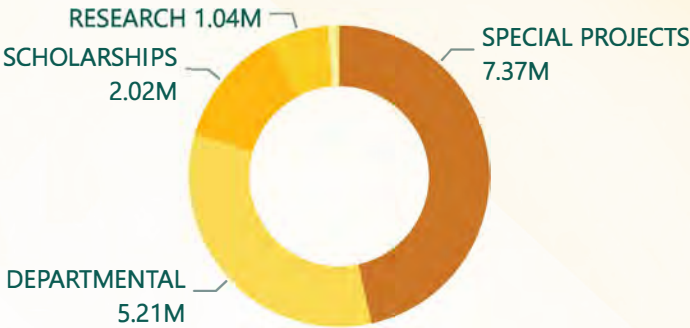
Over the course of the campaign, we processed over 70,000 gifts and created nearly 700 new funds, including over 300 new funds for scholarships. We accomplished all of this without increasing the number of staff and keeping our average annual budget increase at less than 4%.

Please visit the foundation’s website at www.uwm.foundation, where we post a comprehensive list of financial data, including complete audited financial statements, 990 tax returns, investment return summary and other financial information.

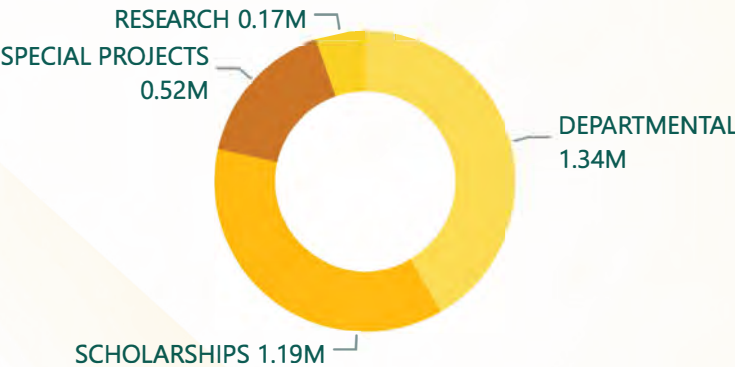


William B. Coleman is president of Coleman & Williams Ltd, a CPA and professional services firm he founded in 1990. He has numerous years in the accounting, audit and consulting professions. Coleman & Williams Ltd provides audit and accounting services to federal, state and local governments, as well as nonprofits, employee benefit plans and commercial entities. As president, Bill Coleman oversees the administration and operation of the firm. He is also is a member of the Association of International Certified Professional Accountants, American Institute of CPAs, Wisconsin Institute of CPAs, Iowa Society of CPAs, Government Finance Officers Association, International Foundation of Employee Benefits and the National Association of Black Accountants, Inc. and the Association of Government Accountants.

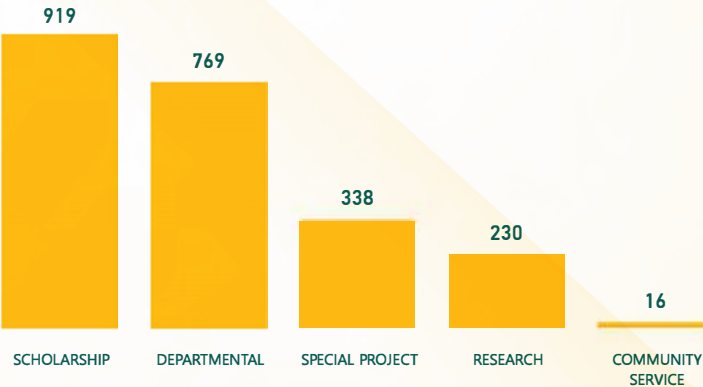
TOTAL DOLLARS
DISTRIBUTED FROM
CURRENT USE IN 2019
\$15.8M



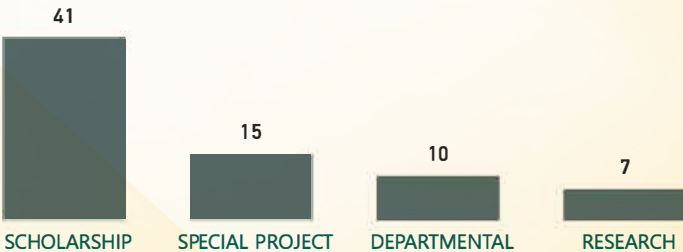
TOTAL DOLLARS ALLOCATED
FOR SPENDING FROM
ENDOWMENT IN 2019
\$3.5M



ALL FUNDS IN 2019
2,273



NEW FUNDS ADDED IN 2019
73



The UWM Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 3,301,784	\$ 2,204,799
Accrued investment income	448,327	390,924
Accounts receivable - Net	37,418	74,431
Current portion of promises to give	6,538,583	7,761,091
Property held for sale	-	180,611
Prepaid expenses and other	86,109	46,499
Total current assets	10,412,221	10,658,355
Investments	166,812,031	157,618,943
Property and equipment - Net	71,584,049	74,312,871
Other assets:		
Restricted cash and cash equivalents	3,564,010	3,234,409
Cash surrender value of life insurance	1,210,210	1,202,137
Split interest contributions receivable from charitable remainder trusts	27,568	27,734
Promises to give, less current portion - Net	8,480,950	8,443,513
Total other assets	13,282,738	12,907,793
TOTAL ASSETS	\$ 262,091,039	\$ 255,497,962

The UWM Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position (Continued)

June 30, 2019 and 2018

Liabilities and Net Assets	2019	2018
Current liabilities:		
Current maturities of note payable	\$ 1,766,038	\$ 1,699,460
Due to the University of Wisconsin-Milwaukee	2,666,271	2,891,321
Amounts payable under fiscal agent responsibilities	127,000	195,840
Accounts payable	122,804	131,134
Accrued interest payable	663,735	677,473
Deferred revenue	112,810	115,285
Accrued liabilities	422,614	556,756
Total current liabilities	5,881,272	6,267,269
Long-term liabilities:		
Note payable, less current maturities - Net	79,534,557	81,270,814
Deferred revenue	1,104,765	872,743
Total long-term liabilities	80,639,322	82,143,557
Total liabilities	86,520,594	88,410,826
Net assets:		
Without donor restrictions	2,653,644	808,156
With donor restrictions	172,916,801	166,278,980
Total net assets	175,570,445	167,087,136
TOTAL LIABILITIES AND NET ASSETS	\$ 262,091,039	\$ 255,497,962

The UWM Foundation, Inc. and Affiliates

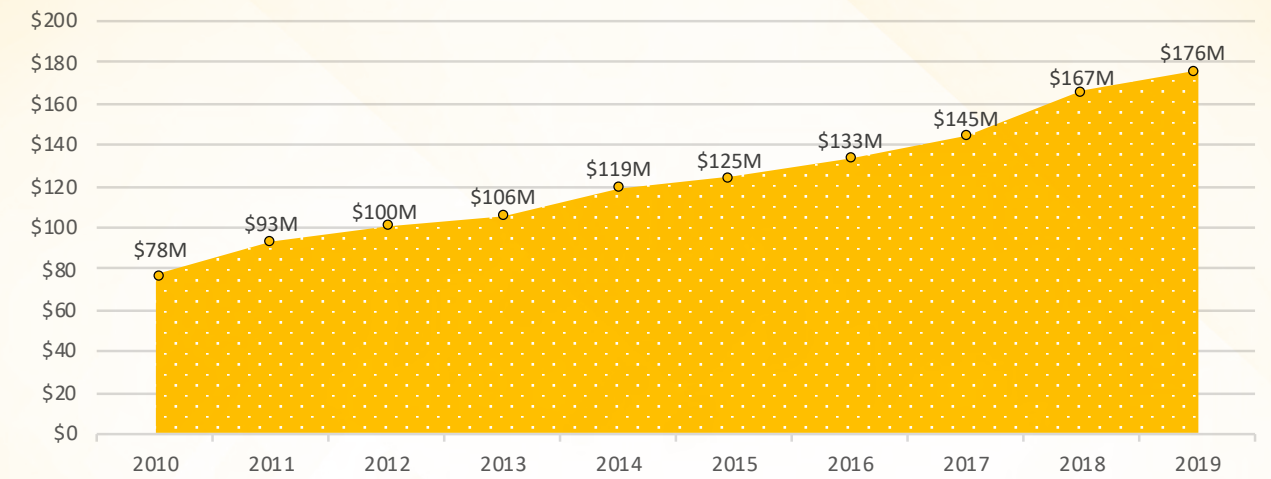
Consolidated Statements of Activities

Year Ended June 30, 2019

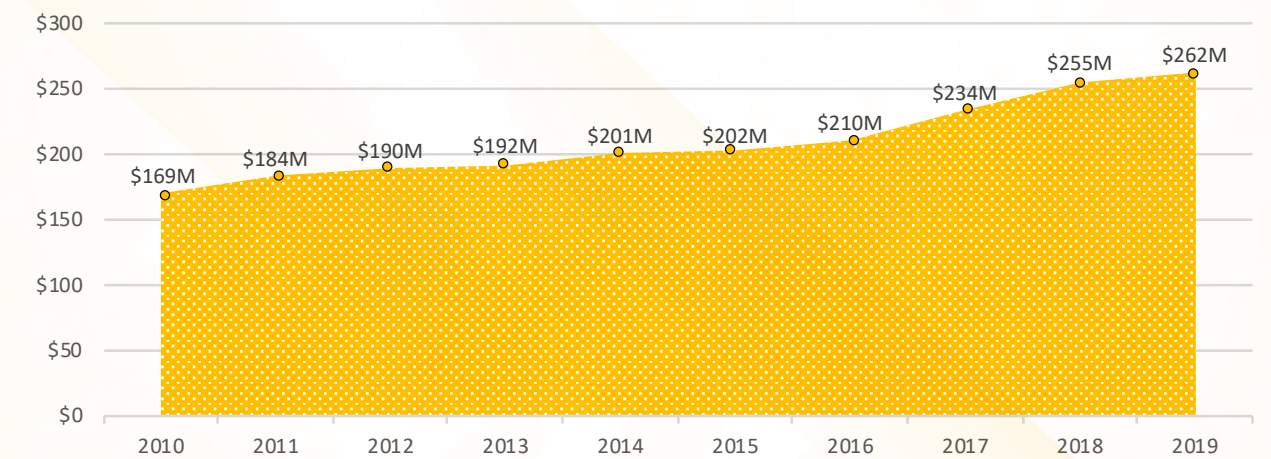
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 992,870	\$ 20,906,128	\$ 21,898,998
Contributed goods and services	3,233,664	-	3,233,664
Rental income	5,647,041	-	5,647,041
Investment income	2,741,991	6,998,125	9,740,116
Gain on sale of property held for sale	50,000	-	50,000
Net assets released from restrictions	21,266,432	(21,266,432)	-
Total support and revenue	33,931,998	6,637,821	40,569,819
Expenses:			
Program:			
Distributions to the University of Wisconsin-Milwaukee:			
Student financial aid	4,115,389	-	4,115,389
Teaching and departmental programs	6,169,343	-	6,169,343
Community service	25,952	-	25,952
Research	885,975	-	885,975
Special projects	7,815,104	-	7,815,104
Total distributions	19,011,763	-	19,011,763
Other program expenses	8,190,100	-	8,190,100
Total program expenses	27,201,863	-	27,201,863
Supporting services:			
General administration	1,201,155	-	1,201,155
Direct fundraising	449,828	-	449,828
Development services received from personnel of the University of Wisconsin-Milwaukee	3,233,664	-	3,233,664
Total expenses	32,086,510	-	32,086,510
Excess of support and revenue over distributions and expenses	1,845,488	6,637,821	8,483,309
Change in net assets	1,845,488	6,637,821	8,483,309
Net assets at beginning of year	808,156	166,278,980	167,087,136
Net assets at end of year	\$ 2,653,644	\$ 172,916,801	\$ 175,570,445

GROWTH OVER LAST 10 YEARS

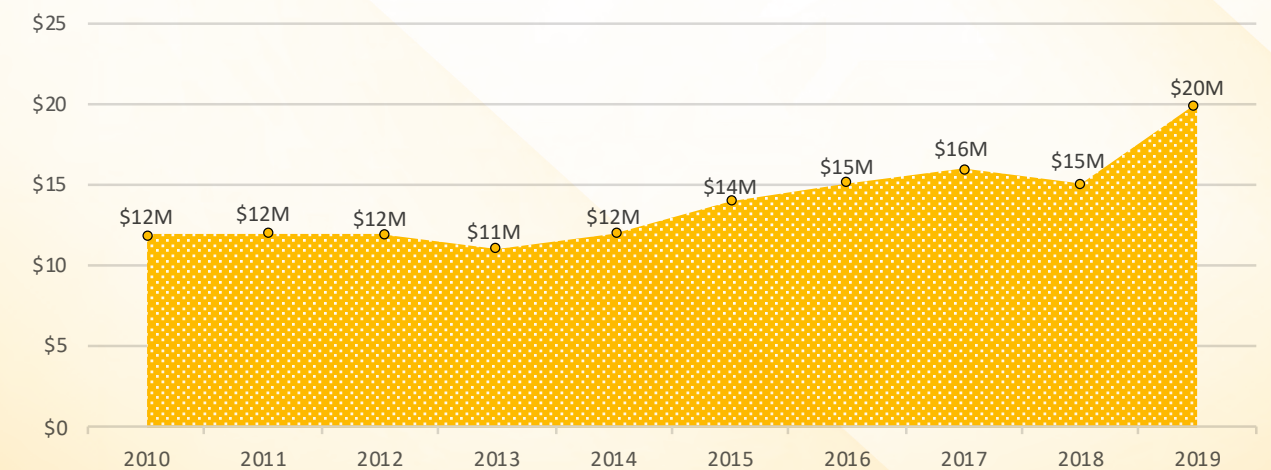
NET ASSETS



TOTAL ASSETS



CAMPUS EXPENDITURES



MESSAGE FROM INVESTMENT COMMITTEE CHAIR

Robert Bukowski

The university’s endowment had strong returns for the fiscal year ending June 30, 2019. The investment performance of the total endowment pool was plus-13.5 percent. The total endowment has annualized at 9 percent since January 2010.

The primary investment objective of the foundation is to provide a real rate of return over inflation sufficient to support UWM’s broad education mission in perpetuity. It is particularly important to grow the assets in real terms to enable the foundation to sustain the purchasing power of spending on programs and administration without eroding the real value of the principal corpus. The endowment spending is allocated across three broad categories – student success, research excellence and community engagement.

The foundation’s assets are actively invested to achieve capital growth through the appreciation of securities held through the accumulation and reinvestment of dividend and interest income. The committee meets quarterly to assess market conditions, review returns against the predetermined benchmarks, evaluate the portfolio’s asset allocation and make adjustments within the parameters defined by the board-approved investment policy.

Historically, the endowment’s investments have outperformed the average investment returns for university foundations as reported by the National Association of College and University Business Officers. I would like to thank all of the members of the Investment Committee for contributing their expertise for the benefit of the university.



Robert Bukowski is the managing director and founder of Alpha Investment Consulting Group, LLC. Alpha was founded in 1989 and provides fee-based investment consulting services to institutional clients. He has been actively involved in the financial services business for over 30 years acting as an expert witness, technical expert, business manager, business owner and fiduciary.

EXPLANATION OF TYPES OF FUNDS

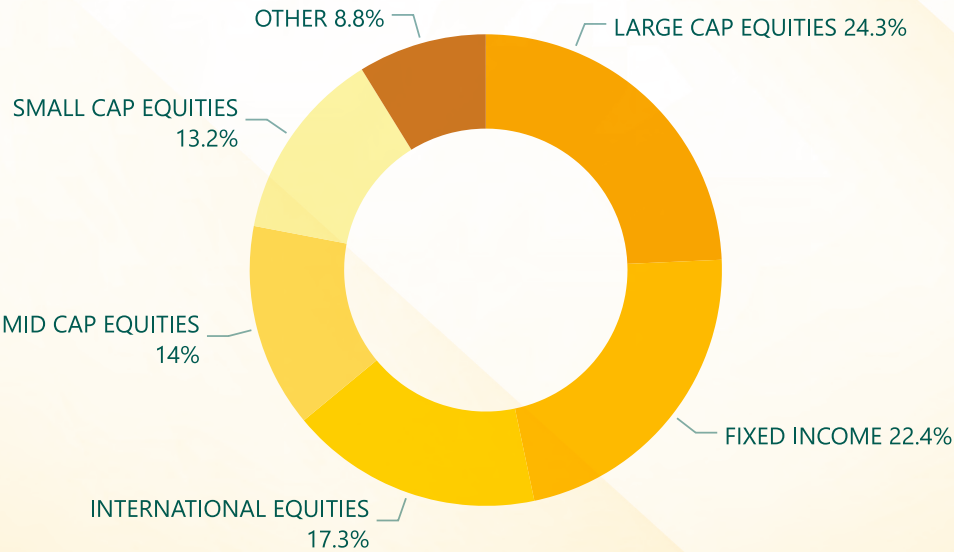
Endowment Funds: donor-restricted funds intended to support campus programs in perpetuity. These include the traditional endowment funds and the flexible endowment funds. Endowment funds are currently invested in the 70/30 pool and spending is subject to the annual spending allocation approved by the Investment Committee (currently 4%).

- *Traditional Endowment Funds – Only earnings less than the management fee may be spent from this account pursuant to the board-approved spending policy. Principle may not be spent under any circumstances.*
- *Flexible Endowment Funds – Under normal circumstances, only earnings less than the management fee may be spent from this account. However, the Memorandum of Agreement allows for principle to be spent under specifically outlined circumstances.*

Intermediate Funds: donor-restricted funds intended to support campus programs over an intermediate time horizon greater than three years. Intermediate funds are currently invested in the 50/50 and 30/70 pools. Spending is managed under the terms of the donor agreement.

Current Use Funds: primarily restricted funds supporting campus programs spent down over a very short-term time horizon (usually within two to three years). The foundation’s unrestricted reserve is also invested in the current use fund pool other than the amount contributed to the student investment fund. The spending fund pool is currently invested in fixed securities.

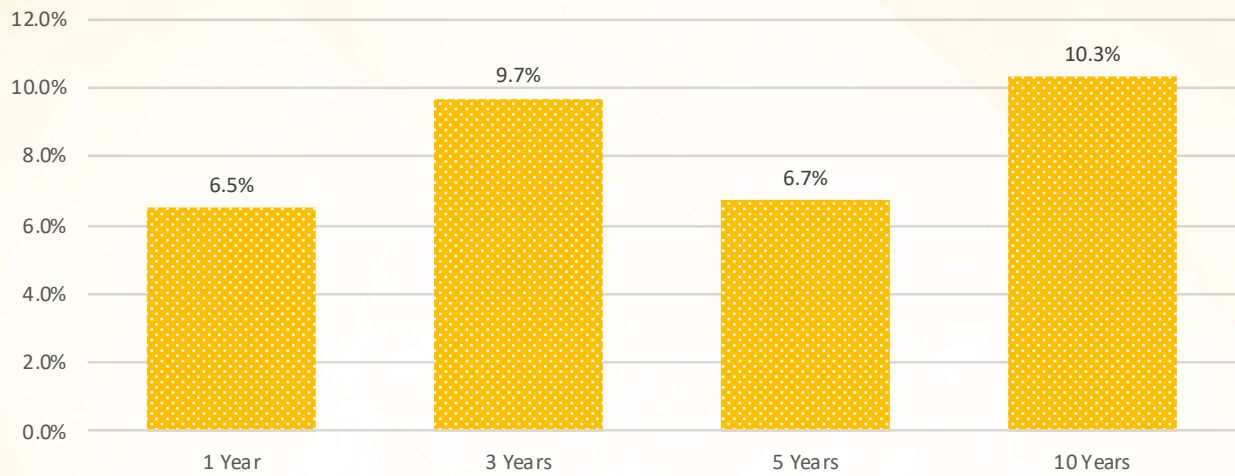
OVERALL ASSET ALLOCATION AS OF JUNE 30, 2019



INVESTMENT PERFORMANCE

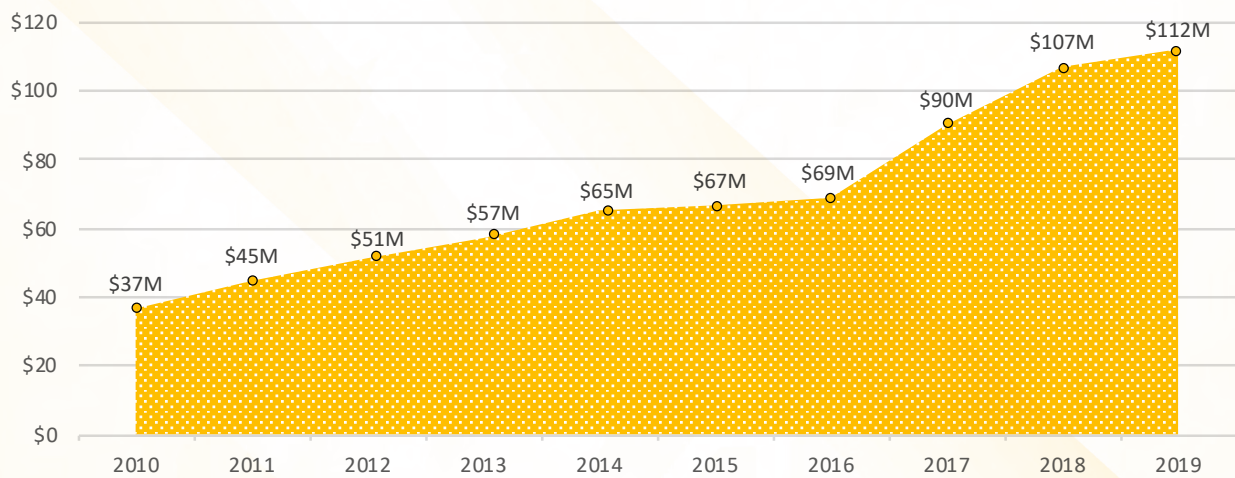
INVESTMENT PERFORMANCE*

Annualized for periods ending June 30, 2019

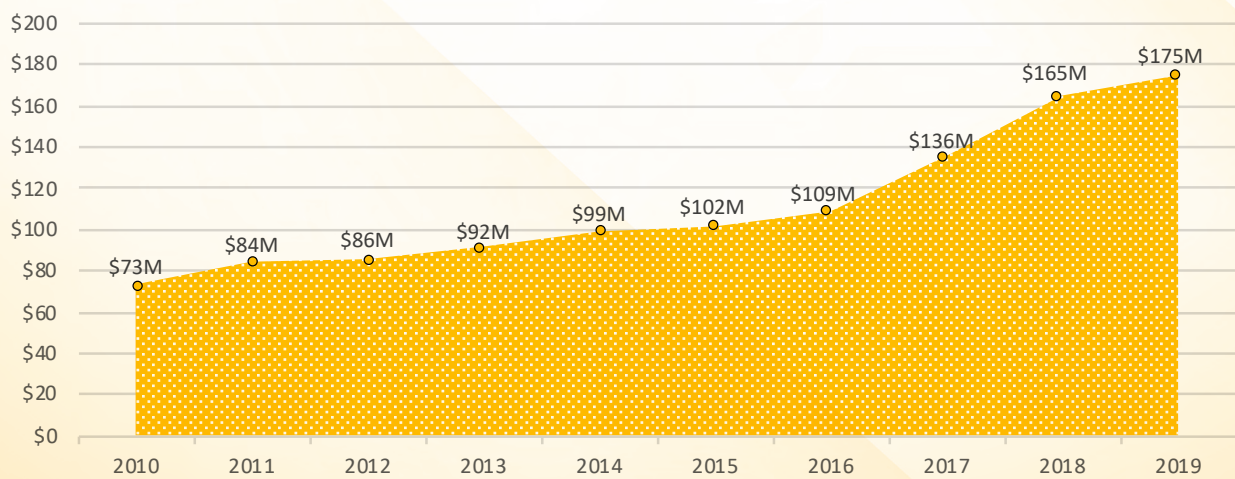


* Net of external manager fees

ENDOWMENT PORTFOLIO



TOTAL INVESTMENT PORTFOLIO



UWM PROFILE

Academics

- 13 degree-granting schools and colleges, along with the Graduate School and School of Continuing Education
- Wisconsin’s only architecture school
- Wisconsin’s only accredited school of public health
- The only school of higher education in North America dedicated solely to freshwater sciences
- 199 academic programs
- 1 associate program
- 94 bachelor’s programs
- 67 master’s programs
- 37 doctoral programs

Research

- Ranked in the top 3% of research universities, a category known as R1, by the Carnegie Classification of Institutions of Higher Education
- \$55 million in research expenditures in 2017-18
- National 2018 Campus-Wide Award for Undergraduate Research Accomplishment from the Council on Undergraduate Research

Student Profile

- Total enrollment: 26,167
 - Milwaukee campus: 24,018
 - » 19,388 undergraduates
 - » 4,630 graduate students
 - UWM at Washington County: 605 students
 - UWM at Waukesha: 1,544 students
- Milwaukee campus
 - Students from all 50 states and all 72 Wisconsin counties
 - 1,245 international students from 90 countries
 - Over 1,000 veterans enrolled, more than any other Wisconsin university
 - 36% of undergraduates are first-generation college students
 - 30% are students of color

Alumni

- 189,309 alumni
- 75% live in Wisconsin



UWM Foundation, Inc.
1440 E. North Ave.
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uwm.foundation