



UWM FOUNDATION
ANNUAL REPORT
2020

OFFICERS

Lawrence J. Schnuck, AIA ('78, '86)
Chair

John H. Kissinger ('79)
Vice Chair

William B. Coleman, CPA
Treasurer

Christina H. Fiasca ('80)
Secretary

DIRECTORS

Michael Aldana ('87)

James T. Barry, III

Brian J. Bear, MD ('81)

Robert Bukowski

Lori Craig

Justin Cruz ('04)

Scott Haag

Roger Kamau

Margaret C. Kelsey ('06)

Joseph E. Kerschner, MD ('87)

John W. Kersey ('79)

Matt Kulasa

Keri McConnell

David Misky ('92)

Kenneth Munson, JD ('84)

Thomas A. Myers, JD

Michael Orgeman, JD

Cynthia J. Rigsby, JD ('95)

Matthew Rinka ('97)

Ronald Sadoff

Timothy G. Schaefer, ('88)

Ignatius L. Smetek, CPA ('83)

Lisa Van Landeghem CPA

Dennis J. Webb ('71)



Dear Friends,

As we come to the close of another successful year at the University of Wisconsin-Milwaukee, I want to thank all of our supporters for their continued

generosity toward our wonderful institution. Whether you contribute financially or volunteer your time, you are making a difference at UWM.

Under the leadership of Chancellor Mark Mone and Vice Chancellor Patricia Borger, the UWM Foundation had the second-highest fundraising year in UWM history, raising more than \$35 million for university programing. This is despite the onset of the COVID-19 pandemic at the beginning of the fourth quarter of the fiscal year. What a testament to our dedicated volunteers, staff and the broader UWM family!

Another great step forward this year was the reincorporation of the UWM Alumni Association as an affiliate corporation of the UWM Foundation. As sister organizations working side by side for many years to advance the university, both organizations have seen tremendous growth and success. However, it became clear that by integrating the operations of these two dedicated institutions, we could achieve additional economies of scale and better coordinate efforts to support the university. This was accomplished only after much thoughtful discussion by both Boards of Directors. Congratulations to everyone for coming together around this effort to support the greater good.

I am pleased to present the 2020 Annual Report, which provides details on the financial health of our organization and our ever-upward trending trajectory. UW-Milwaukee is an integral part of this community, and our foundation is pleased to play an important role in support of this great institution. Thank you again for supporting our students, faculty and community partners.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence J. Schnuck". The signature is fluid and cursive, with the last name being particularly prominent.

Lawrence J. Schnuck, AIA ('78, '86)

Chair

UWM Foundation Board of Directors

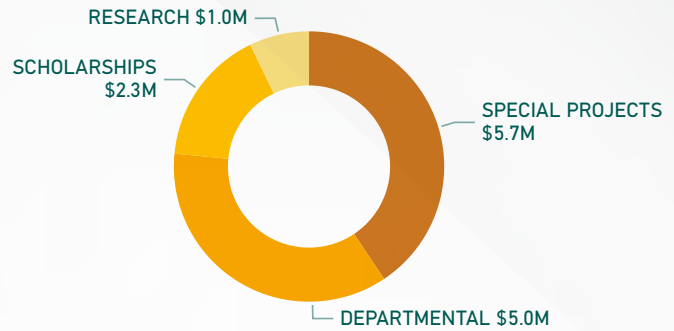


UWM Foundation, Inc.
1440 E. North Ave.
Milwaukee, WI 53202

2020 SUPPORT TO CAMPUS

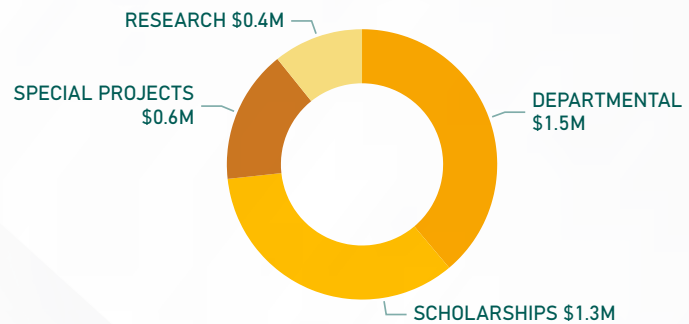
TOTAL DOLLARS
DISTRIBUTED FROM
CURRENT USE IN 2020

\$14.0M



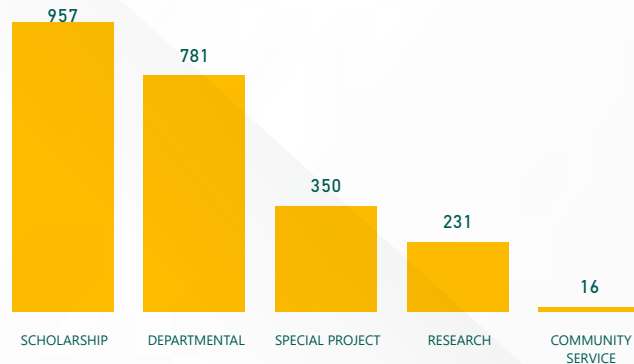
TOTAL DOLLARS ALLOCATED
FOR SPENDING FROM
ENDOWMENT IN 2020

\$3.8M



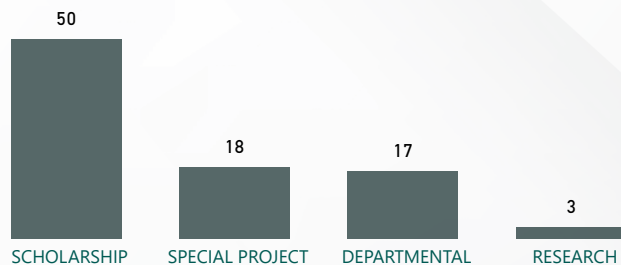
ALL FUNDS IN 2020

2335



NEW FUNDS ADDED IN 2020

88



MESSAGE FROM THE TREASURER

William B. Coleman

I am pleased to once again report that the UWM Foundation's financial position continues to be strong. Our net assets have grown to more than \$188 million, an increase of \$12 million. We were able to accomplish this record high net worth and provide the second-highest annual distribution to fund important university programs at \$19 million. We deeply appreciate the continued support of our generous donors, who have continued to make contributions even during these uncertain times.

This year, the Finance Committee oversaw an Enterprise Risk Management ("ERM") exercise. This inaugural exercise was designed to manage and aggregate risk on an enterprise-wide level, ensure robust risk management processes and instill a risk management culture throughout the organization. By accomplishing these objectives, the foundation's ERM efforts will help us maintain excellent long-term financial strength and improve our ability to deliver on our mission. In fiscal year 2021, we will complete the analysis, create an ERM charter and develop strategies to reduce risk at all levels of the enterprise.

In the fourth quarter of the fiscal year, we faced some serious questions regarding the sustainability of our operating budget due to the onset of the COVID-19 pandemic. Out of an abundance of caution, we reduced our salary expenses by 10% while still increasing our support of the Development Office on campus by nearly \$200,000. We will monitor the revenues throughout the fiscal year and make further adjustments as appropriate.

Please visit the foundation's website at uwm.foundation, where we post a comprehensive list of financial data, including complete audited financial statements, 990 tax returns, an annual 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 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, the National Association of Black Accountants, Inc., and the Association of Government Accountants.

The UWM Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 2,132,606	\$ 3,301,784
Accrued investment income	374,768	448,327
Accounts receivable - Net	138,796	37,418
Grant receivable	600,000	-
Promises to give, current portion - Net	10,490,877	6,538,583
Prepaid expenses and other	163,428	86,109
Total current assets	13,900,475	10,412,221
Investments	177,015,249	166,812,031
Property and equipment - Net	68,894,253	71,584,049
Other assets:		
Restricted cash and cash equivalents	3,685,475	3,564,010
Cash surrender value of life insurance	1,011,869	1,210,210
Split interest contributions receivable from charitable remainder trusts	41,098	27,568
Promises to give, less current portion - Net	9,878,839	8,480,950
Total other assets	14,617,281	13,282,738
TOTAL ASSETS	\$ 274,427,258	\$ 262,091,039

The UWM Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position (Continued)

June 30, 2020 and 2019

Liabilities and Net Assets	2020	2019
Current liabilities:		
Current maturities of note payable	\$ 1,835,225	\$ 1,766,038
Due to the University of Wisconsin-Milwaukee	4,234,223	2,666,271
Amounts payable under fiscal agent responsibilities	127,000	127,000
Accounts payable	53,136	122,804
Accrued interest payable	649,460	663,735
Deferred revenue	112,810	112,810
Accrued liabilities	506,134	422,614
Total current liabilities	7,517,988	5,881,272
Long-term liabilities:		
Note payable, less current maturities - Net	77,733,529	79,534,557
Refundable advance - SBA Paycheck Protection Program	208,835	-
Deferred revenue	969,259	1,104,765
Total long-term liabilities	78,911,623	80,639,322
Total liabilities	86,429,611	86,520,594
Net assets:		
Without donor restrictions	4,021,513	2,653,644
With donor restrictions	183,976,134	172,916,801
Total net assets	187,997,647	175,570,445
TOTAL LIABILITIES AND NET ASSETS	\$ 274,427,258	\$ 262,091,039

The UWM Foundation, Inc. and Affiliates

Consolidated Statements of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 1,125,698	\$ 27,244,364	\$ 28,370,062
Contributed goods and services	3,154,278	-	3,154,278
Rental income	5,585,204	-	5,585,204
Investment income	2,539,285	4,125,264	6,664,549
Net assets released from restrictions	20,310,295	(20,310,295)	-
Total support and revenue	32,714,760	11,059,333	43,774,093
Expenses:			
Program:			
Distributions to the University of Wisconsin-Milwaukee:			
Student financial aid	4,255,884	-	4,255,884
Teaching and departmental programs	6,886,340	-	6,886,340
Community service	11,161	-	11,161
Research	754,143	-	754,143
Special projects	6,181,940	-	6,181,940
Total distributions	18,089,468	-	18,089,468
Other program expenses	8,126,911	-	8,126,911
Total program expenses	26,216,379	-	26,216,379
Supporting services:			
General administration	1,238,382	-	1,238,382
Direct fundraising	737,852	-	737,852
Development services received from personnel of the University of Wisconsin-Milwaukee	3,154,278	-	3,154,278
Total expenses	31,346,891	-	31,346,891
Excess of support and revenue over distributions and expenses	1,367,869	11,059,333	12,427,202
Change in net assets	1,367,869	11,059,333	12,427,202
Net assets at beginning of year	2,653,644	172,916,801	175,570,445
Net assets at end of year	\$ 4,021,513	\$ 183,976,134	\$ 187,997,647

The UWM Foundation, Inc. and Affiliates

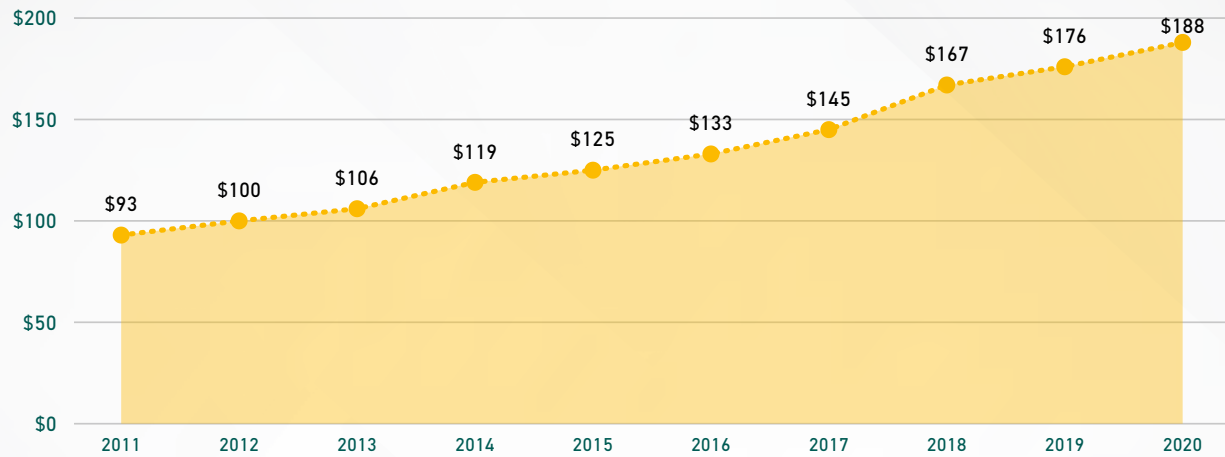
Consolidated Statements of Activities (Continued)

Year Ended June 30, 2019

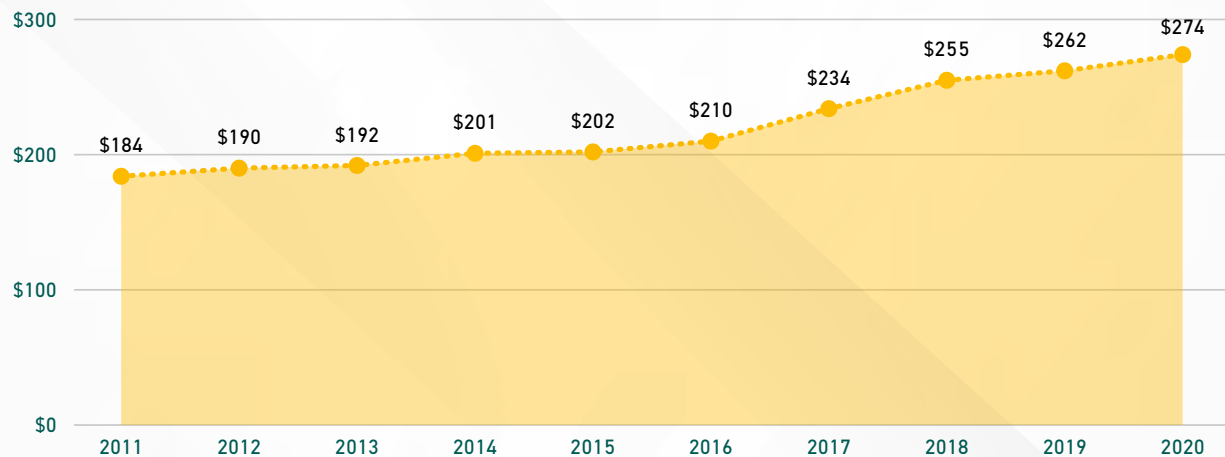
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 992,870	\$ 20,906,128	\$ 21,898,998
Contributed goods and services	3,233,664	-	3,233,664
Rental income	5,647,041	-	5,647,041
Investment income	2,741,991	6,998,125	9,740,116
Gain on sale of property held 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

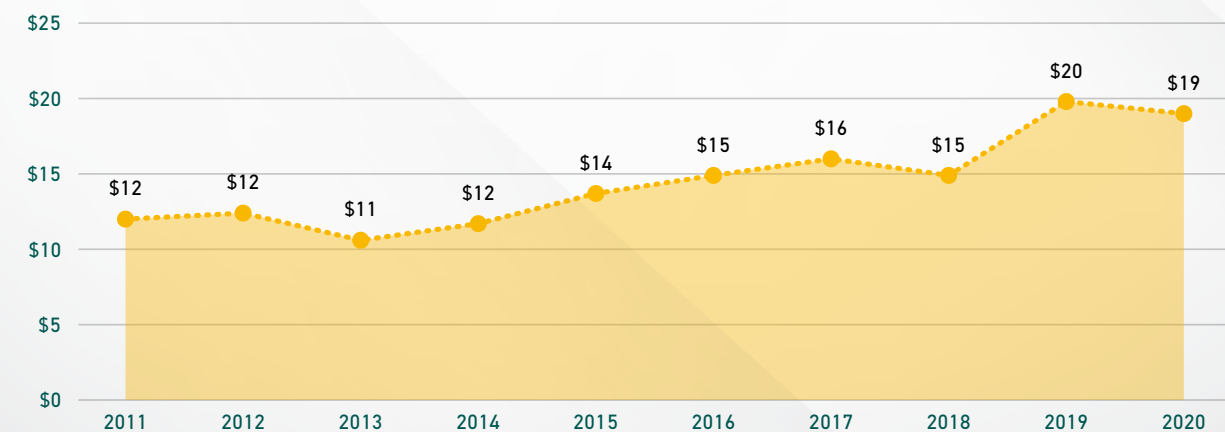
NET ASSETS (in millions)



TOTAL ASSETS (in millions)



CAMPUS EXPENDITURES (in millions)



MESSAGE FROM INVESTMENT COMMITTEE CHAIR

Robert Bukowski

In the wake of the COVID-19 outbreak, the markets experienced a downturn in the fourth quarter of fiscal year 2020 ending on June 30th. As a consequence, one-year endowment net returns were a modest 3.2% as compared to fiscal year 19, when the one-year return was 6.5%. The strong returns over the last decade helped to maintain our returns on the three-, five- and 10-year horizons relatively higher. During these uncertain times, the Investment Committee has been meeting monthly as opposed to quarterly to consider adjustments that will position the portfolio for stronger returns in the next fiscal year.

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

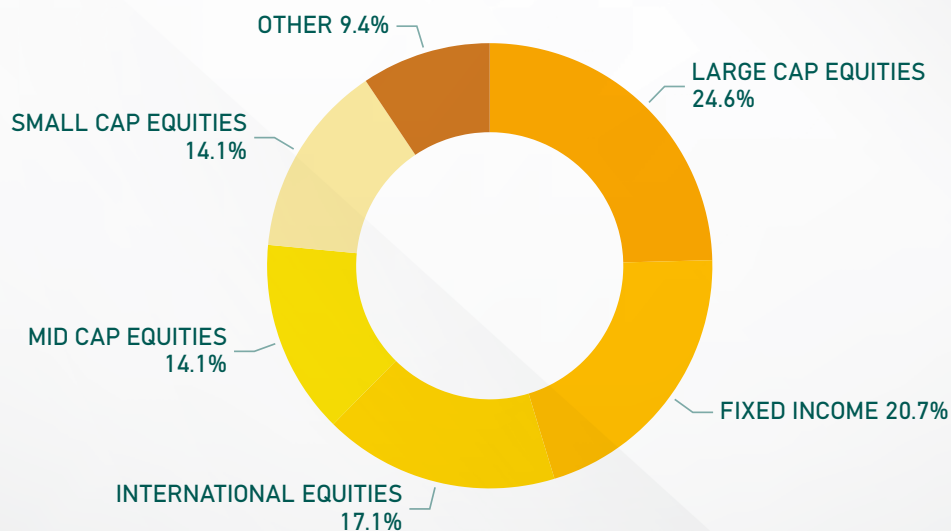
Endowment Funds: donor-restricted funds intended to support campus programs in perpetuity. These include the traditional endowment funds and the flexible endowment funds. Endowment funds are currently invested in the 70/30 pool and spending is subject to the annual spending allocation approved by the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

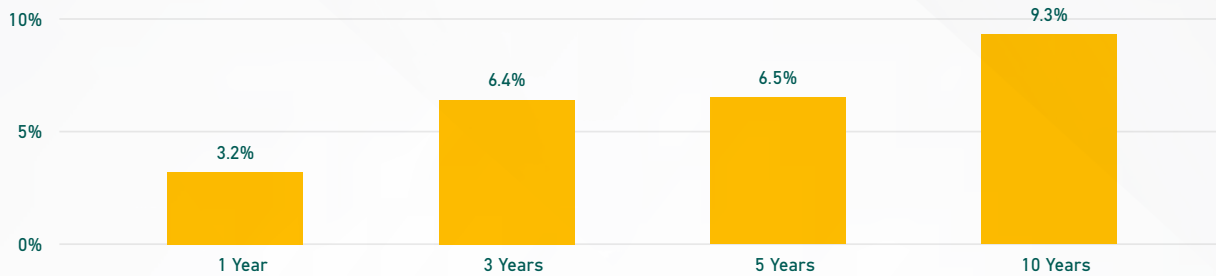
OVERALL ASSET ALLOCATION AS OF JUNE 30, 2020



INVESTMENT PERFORMANCE

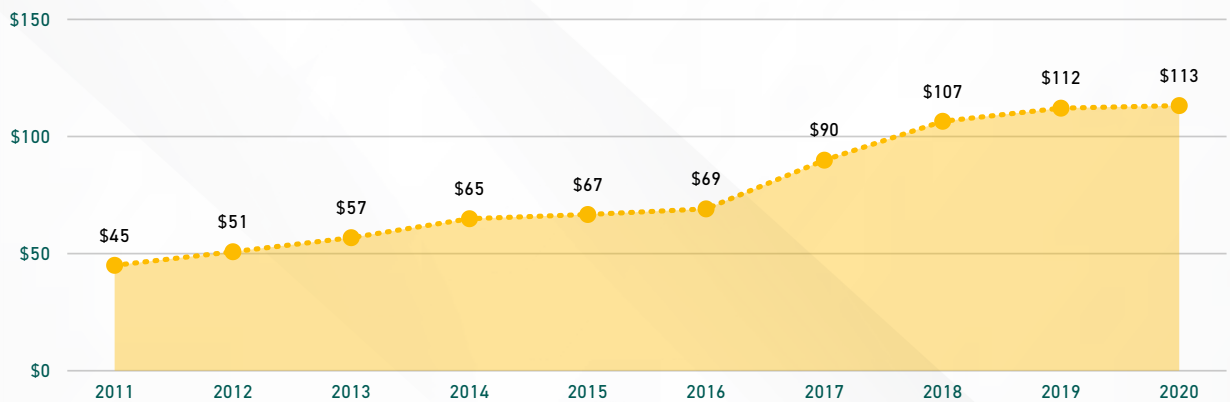
INVESTMENT PERFORMANCE*

Annualized for periods ending June 30, 2020

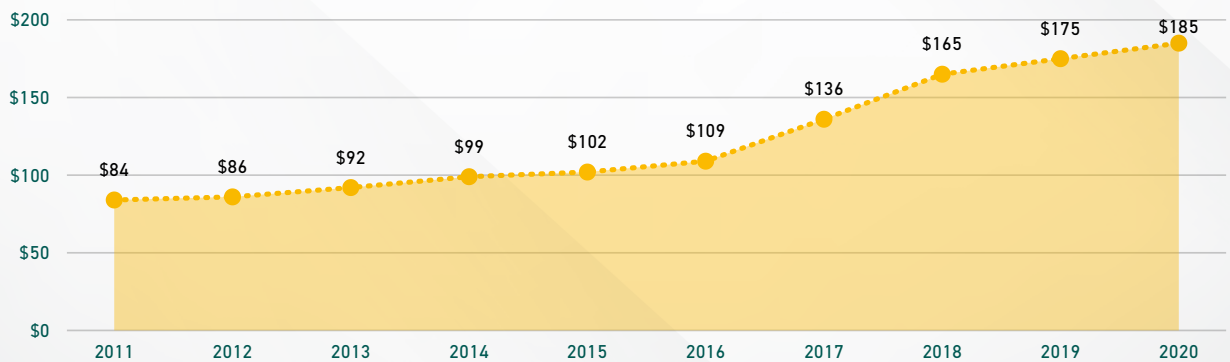


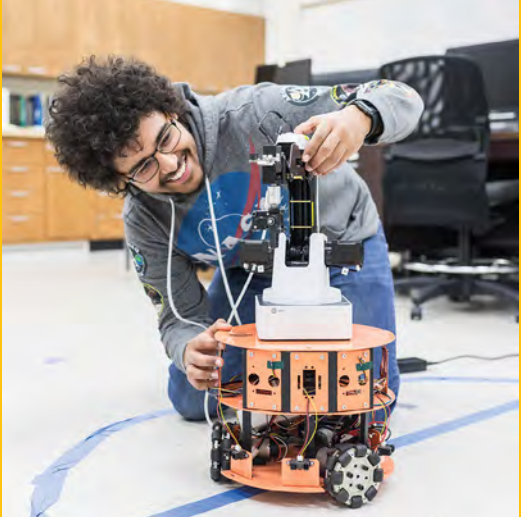
* Net of external manager fees

ENDOWMENT PORTFOLIO (in millions)



TOTAL INVESTMENT PORTFOLIO (in millions)





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
- 206 academic programs
- 3 associate programs
- 98 bachelor's programs
- 67 master's programs
- 38 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
- \$62.7 million in research awards in fiscal year 2020
- National 2018 Campus-Wide Award for Undergraduate Research Accomplishment from the Council on Undergraduate Research

Student Profile

- Total enrollment: 24,725
 - Milwaukee campus: 23,004
 - » 18,404 undergraduates
 - » 4,511 graduate students
 - UWM at Washington County: 500 students
 - UWM at Waukesha: 1,221 students
- Milwaukee campus
 - Students from 47 states and 71 Wisconsin counties
 - 1,007 international students from 83 countries
 - Over 1,000 veterans enrolled, more than any other Wisconsin university
 - 36% of undergraduates are first-generation college students
 - 31% are students of color

Alumni

- 195,034 alumni
- 71% live in Wisconsin



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

uwm.foundation