



UWM FOUNDATION
ANNUAL REPORT
2022

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Peggy Williams-Smith

EX-OFFICIO DIRECTORS

Scott M. Conger ('91)

David H. Gilbert

Curtis A. Stang, CPA



Dear Friends,

As we come to the close of the 2022 fiscal year, I want to thank all our donors and volunteers for their generous support of the mission of the University of Wisconsin-Milwaukee. UWM is a vital part of Milwaukee and indeed the State of Wisconsin. Your contributions of both time and money play a major role in keeping the university great.

This year we were privileged to welcome a new vice chancellor for advancement, Joan Nesbitt. Under the leadership of Chancellor Mark Mone and with support of a dedicated staff of development professionals, Joan hit the ground running, raising over \$34 million for UWM. This represents the third largest annual fundraising total in the university's history.

We also embarked on a major initiative to upgrade our customer relations database this year. This entailed the creation of a series of oversight and working committees jointly with the University Advancement office to ensure that we develop the best product to support UWM's next comprehensive fundraising campaign. This new technology will ensure we are strategic and efficient for years to come.

The UWM Foundation distributed a record \$21 million to the university in support of students, faculty and critical community engagement initiatives. We also lowered our management fee and provided seed funding for the TechEd Frontiers program, a bold new educational initiative aimed at upskilling the corporate workforce.

Finally, we continued to broaden our support of UWM by partnering with other university support organizations. Last year we integrated our operations with the Alumni Association with great success. This year we have agreed to have two appointees to the UWM Board of Visitors. The Board of Visitors is charged with advocating for the university at the state and local levels. Now, we will have a structure to add our voices to UWM's advocacy efforts.

I invite you to read through this report for more detail on the UWM Foundation's progress for fiscal year 2022.

Sincerely,

A handwritten signature in black ink, appearing to read 'John H. Kissinger'. The signature is fluid and cursive, written over a white background.

John H. Kissinger (79)

Chair

UWM Foundation Board of Directors

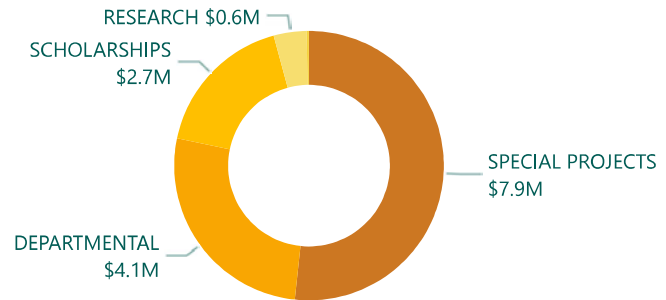


UWM Foundation, Inc.
1440 E. North Ave.
Milwaukee, WI 53202

2022 SUPPORT TO CAMPUS

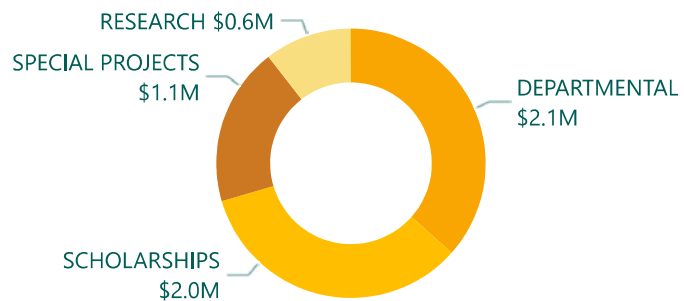
TOTAL DOLLARS
DISTRIBUTED FROM
CURRENT USE IN 2022

\$15.3M



TOTAL DOLLARS ALLOCATED
FOR SPENDING FROM
ENDOWMENT IN 2022

\$5.8M



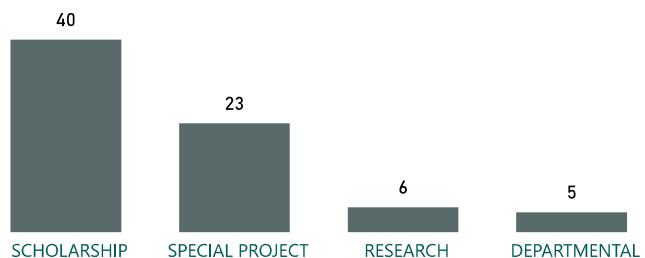
ALL FUNDS IN 2022

2,471



NEW FUNDS ADDED IN 2022

74



MESSAGE FROM THE TREASURER

William B. Coleman

I am happy to report that despite the extraordinary conditions the nation has faced with regard to the financial markets, the UWM Foundation remains on sound financial footing. While our net assets did decline to \$200 million, we disbursed a record \$21 million to the university in support of programs in three broad areas: student success, research excellence and community engagement. We also reduced our management fee to an all-time low of 1.79% and secured complete forgiveness of our second Paycheck Protection Program loan that we received as part of the Federal CARES Act in 2021.

The Finance Committee oversaw the final phase of our current enterprise risk management initiative this year. We approved a charter that spells out how the foundation will control and manage risks, assess the risks going forward and develop action plans to mitigate these risks on an ongoing basis. This effort has resulted in small changes to some of our business processes that bring us in line with current best practices in the industry.

The committee also made significant progress regarding the implementation of a new customer relations management database in fiscal year 2022. We formed a steering committee comprised of representation from both the foundation and UWM University Advancement office to oversee this effort. The committee selected a consultant to help define our needs, evaluate vendor options and ultimately select the next generation CRM system. This involved the creation and coordination of multiple subcommittees representing all areas of functionality across our organizations. Ultimately, we selected a new system and will begin an estimated 12-month implementation process in FY 23. This new high-tech tool will be critical to the success of the next fundraising campaign.

As I complete my final year as treasurer of the UWM Foundation, I want to thank my fellow board members and the dedicated staff for all the work they do on behalf of this great university. It has been my honor to serve with all of you.

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, 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 is also 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 Benefit Plans, the National Association of Black Accountants and the Association of Government Accountants.

The UWM Foundation Inc. and Affiliates

Consolidated Statements of Financial Position

June 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,810,921	\$ 4,552,512
Accrued investment income	410,011	294,340
Accounts receivable - Net	491,334	165,026
Promises to give, current portion - Net	4,464,631	11,043,886
Prepaid expenses and other	40,175	109,007
Total current assets	7,217,072	16,164,771
Investments	209,322,436	217,134,458
Property and equipment - Net	53,500,390	66,371,045
Other assets:		
Restricted cash and cash equivalents	3,720,742	3,718,926
Cash surrender value of life insurance	1,052,099	1,023,323
Split interest contributions receivable from charitable remainder trusts	86,470	69,687
Promises to give, less current portion - Net	7,727,651	5,447,670
Total other assets	12,586,962	10,259,606
TOTAL ASSETS	\$ 282,626,860	\$ 309,929,880

The UWM Foundation Inc. and Affiliates

Consolidated Statements of Financial Position (Continued)

June 30, 2022 and 2021

Liabilities and Net Assets	2022	Restated 2021
Current liabilities:		
Current maturities of note payable	\$ 1,981,836	\$ 1,907,122
Due to the University of Wisconsin-Milwaukee	2,805,340	4,044,488
Amounts payable under fiscal agent responsibilities	127,000	127,000
Accounts payable	149,007	58,578
Accrued interest payable	619,209	634,625
Refundable advance - SBA Paycheck Protection Program	-	68,018
Deferred revenue	191,948	202,092
Accrued liabilities	869,109	556,515
Total current liabilities	6,743,449	7,598,438
Long-term liabilities:		
Note payable, less current maturities - Net	73,904,130	75,856,186
Deferred revenue	2,215,907	1,814,425
Total long-term liabilities	76,120,037	77,670,611
Total liabilities	82,863,486	85,269,049
Net assets (deficit):		
Without donor restrictions	(7,695,581)	4,002,438
With donor restrictions	207,458,955	220,658,393
Total net assets	199,763,374	224,660,831
TOTAL LIABILITIES AND NET ASSETS	\$ 282,626,860	\$ 309,929,880

See accompanying notes to consolidated financial statements.

The UWM Foundation Inc. and Affiliates

Consolidated Statements of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and grants	\$ 1,025,059	\$ 29,543,403	\$ 30,568,462
Contributions of nonfinancial assets	4,217,989	-	4,217,989
Rental income	5,568,119	-	5,568,119
Loss on sale or disposal of property and equipment	(2,983,350)	-	(2,983,350)
Investment loss	(7,880,659)	(19,949,554)	(27,830,213)
Other income	197,564	-	197,564
Contributions from reincorporation of UWM Alumni Association	2,963,575	-	2,963,575
Net assets released from restrictions	22,793,287	(22,793,287)	-
Total support and revenue	25,901,584	(13,199,438)	12,702,146
Expenses:			
Program:			
Distributions to the University of Wisconsin-Milwaukee:			
Student financial aid	5,706,350	-	5,706,350
Teaching and departmental programs	4,764,100	-	4,764,100
Community service	912,615	-	912,615
Research	15,945	-	15,945
Special projects	8,471,923	-	8,471,923
Total distributions	19,870,933	-	19,870,933
Other program expenses	8,455,416	-	8,455,416
Total program expenses	28,326,349	-	28,326,349
Supporting services:			
General administration	2,300,497	-	2,300,497
Direct fundraising	1,208,288	-	1,208,288
Development services received from personnel of the University of Wisconsin-Milwaukee	3,369,384	-	3,369,384
Total expenses	35,204,518	-	35,204,518
Excess of support and revenue over distributions and expenses	(9,302,934)	(13,199,438)	(22,502,372)
Other Expense - Distributions of assets related to transfer of controlling interest in Innovation Campus Owner's Association	(2,395,085)	-	(2,395,085)
Change in net assets	(11,698,019)	(13,199,438)	(24,897,457)
Net assets at beginning of year - restated	4,002,438	220,658,393	224,660,831
Net assets (deficit) at end of year	\$ (7,695,581)	\$ 207,458,955	\$ 199,763,374

See accompanying notes to consolidated financial statements.

The UWM Foundation Inc. and Affiliates

Consolidated Statements of Activities (Continued)

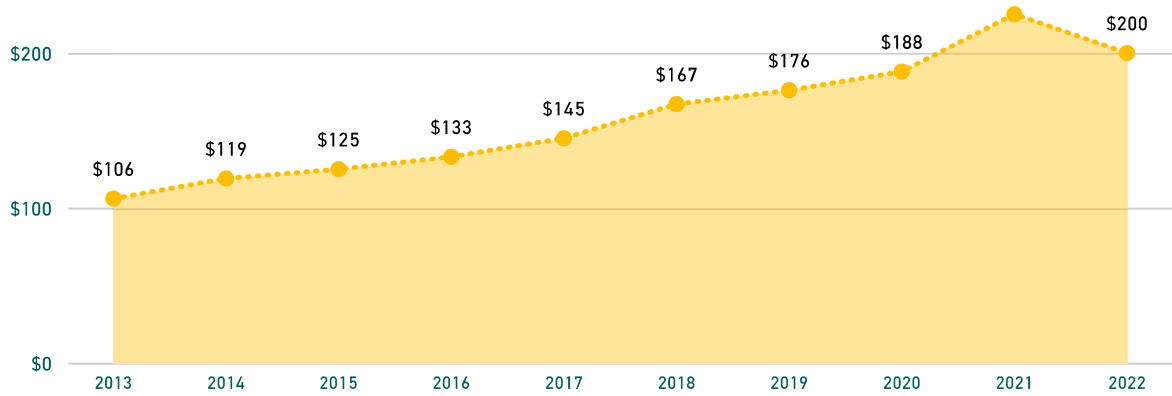
Year Ended June 30, 2021

	Restated		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and revenue:			
Contributions and grants	\$ 1,225,592	\$ 17,440,439	\$ 18,666,031
Contributions of nonfinancial assets	2,956,458	-	2,956,458
Rental income	5,565,853	-	5,565,853
Investment income	3,747,316	36,492,314	40,239,630
Other income	195,000	-	195,000
Net assets released from restrictions	20,437,522	(20,437,522)	-
Total support and revenue	34,127,741	33,495,231	67,622,972
Expenses:			
Program:			
Distributions to the University of Wisconsin-Milwaukee:			
Student financial aid	6,097,818	-	6,097,818
Teaching and departmental programs	4,733,061	-	4,733,061
Community service	578,400	-	578,400
Research	30,323	-	30,323
Special projects	6,379,375	-	6,379,375
Total distributions	17,818,977	-	17,818,977
Other program expenses	7,985,799	-	7,985,799
Total program expenses	25,804,776	-	25,804,776
Supporting services:			
General administration	1,341,935	-	1,341,935
Direct fundraising	856,620	-	856,620
Development services received from personnel of the University of Wisconsin-Milwaukee	2,956,458	-	2,956,458
Total expenses	30,959,789	-	30,959,789
Excess of support and revenue over distributions and expenses	3,167,953	33,495,231	36,663,183
Change in net assets	3,167,953	33,495,231	36,663,184
Net assets at beginning of year	834,485	187,163,162	187,997,647
Net assets at end of year	\$ 4,002,438	\$ 220,658,393	\$ 224,660,831

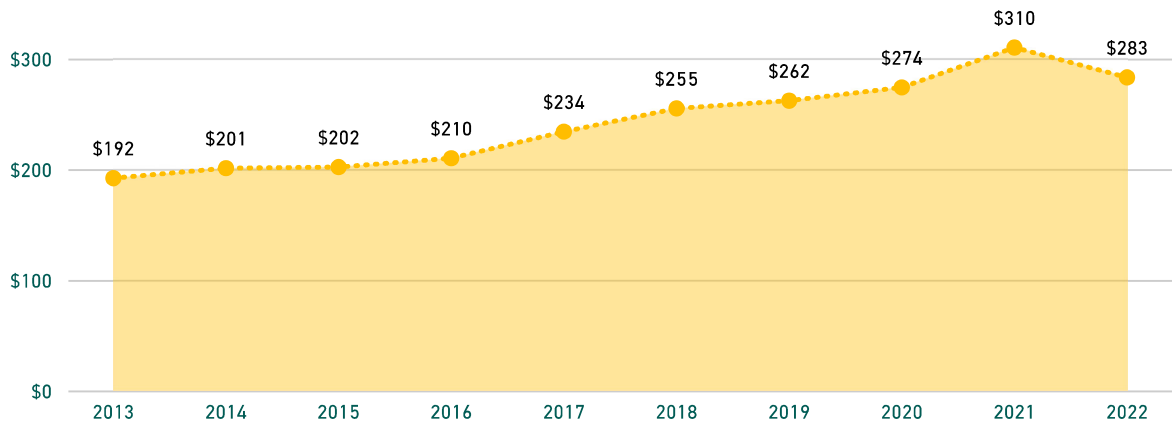
See accompanying notes to consolidated financial statements.

GROWTH OVER LAST 10 YEARS

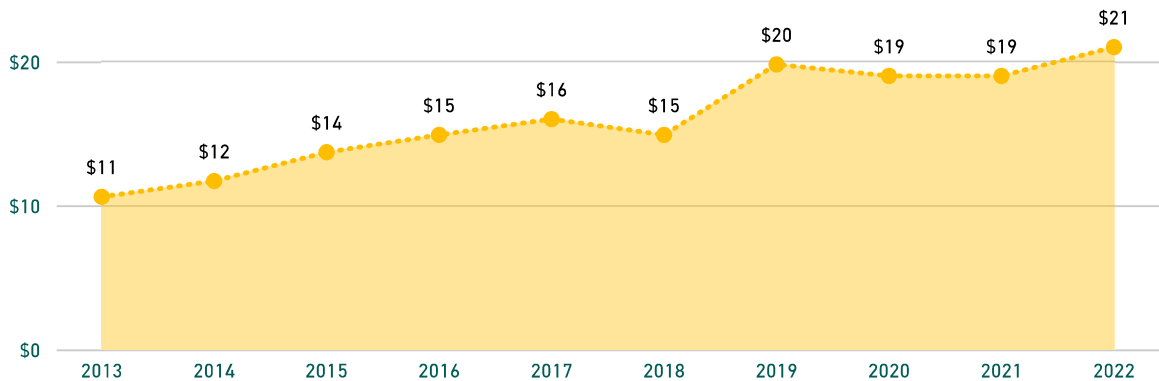
NET ASSETS (in millions)



TOTAL ASSETS (in millions)



CAMPUS EXPENDITURES (in millions)



MESSAGE FROM INVESTMENT COMMITTEE CHAIR

Donna Drosner

After a strong start to FY 2022, the markets experienced a sharp downturn in the second half of the fiscal year, resulting in a negative 12.8% return at year's end on June 30. For the first time since 1969, both bond and stock markets were down in a calendar year, reflecting similar inflationary environments that fueled negative returns. While there was no safe haven during these challenging months, the Investment Committee met frequently and facilitated more timely reporting from our fiduciary in order to ensure that we were best positioned for future growth under the constantly changing market conditions. With the committee's stewardship, the three year return was 5.6%, the five year return was 6.6% and the 10 year return was 8.1%, illustrating the importance of oversight and asset allocation.

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 the members of the Investment Committee for the extra time they devoted to our enhanced meeting schedule during these extraordinary times, and for their continued contributions of expertise for the benefit of the university.



Donna Drosner, CFP®, is a director, shareholder and 30 year veteran of Robert W Baird and Company, Inc. As head of the Drosner Phillips Ristau Group in Baird's Private Wealth Management division, she oversees over \$450 million in client assets. Donna specializes in financial planning and estate services, designing custom cash flow solutions, advanced planning and oversees all phases of wealth preservation and growth.

EXPLANATION OF TYPES OF FUNDS

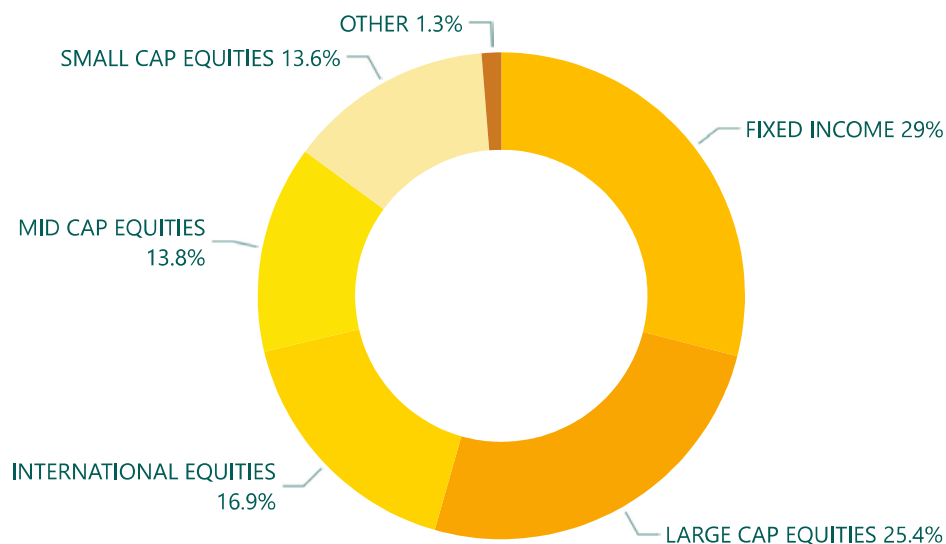
Endowment Funds: donor-restricted funds intended to support campus programs in perpetuity. These include the traditional endowment funds and the flexible endowment funds. Endowment funds are currently invested in the 70/30 (equities/fixed) pool and spending is subject to the annual spending allocation 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 is currently invested in 5/95 pool.

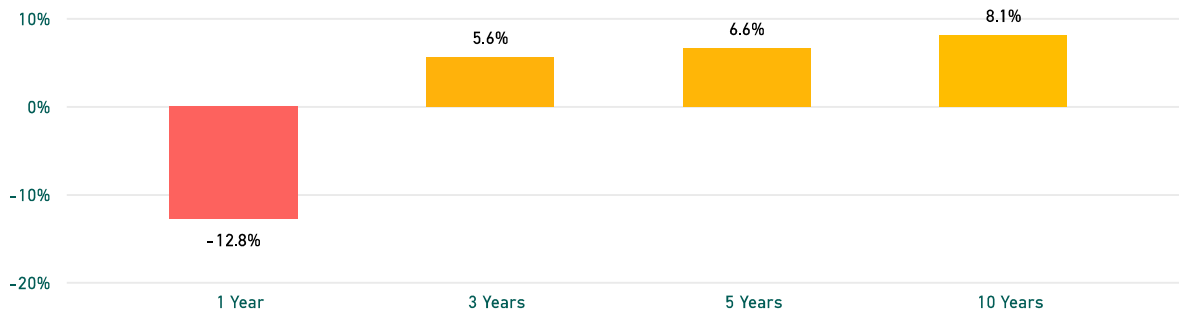
OVERALL ASSET ALLOCATION AS OF JUNE 30, 2022



INVESTMENT PERFORMANCE

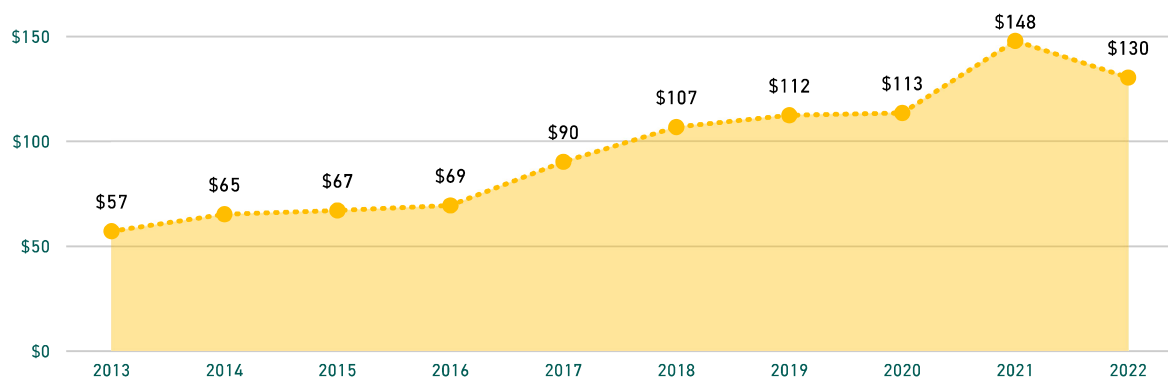
INVESTMENT PERFORMANCE*

Annualized for periods ending June 30, 2022

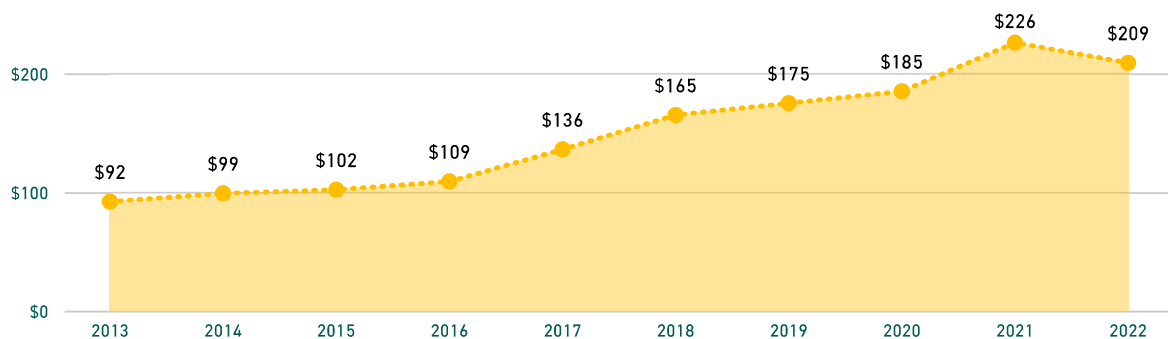


* Net of external manager fees

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
- 209 academic programs
- 2 associate programs
- 102 bachelor's programs
- 67 master's programs
- 38 doctoral programs

Research

- Ranked in the top 4% of research universities, a category known as R1, by the Carnegie Classification of Institutions of Higher Education
- \$34.7 million in awards in fiscal year 2021-2022
- National 2018 Campus-Wide Award for Undergraduate Research Accomplishment from the Council on Undergraduate Research

Student Profile

- Total enrollment: 23,155
 - Milwaukee campus: 22,006
 - » 17,360 undergraduates
 - » 4,387 graduate students
 - UWM at Washington County: 339 students
 - UWM at Waukesha: 810 students
- Milwaukee campus
 - Students from 49 states and 72 Wisconsin counties
 - 1,290 international students from 88 countries
 - Over 1,000 veterans enrolled, more than any other Wisconsin university
 - 39% of undergraduates are first-generation college students
 - 30% are students of color

Alumni

- 202,753 alumni
- 74% live in Wisconsin



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

uwm.foundation