

**UNIVERSITY OF WISCONSIN -
STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**



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**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Wisconsin - Stevens Point Foundation, Inc.
and its Subsidiary
Stevens Point, Wisconsin

We have audited the accompanying consolidated financial statements of University of Wisconsin - Stevens Point Foundation, Inc. (a nonprofit organization) and its Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

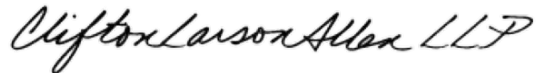
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
University of Wisconsin - Stevens Point Foundation, Inc.
and its Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of University of Wisconsin - Stevens Point Foundation, Inc. and its Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
October 22, 2021

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 1,690,406	\$ 1,742,820
Accounts Receivable	4,712	-
Prepaid Expenses	60,968	74,576
Contributions Receivable - Net	2,248,247	3,406,311
Investments	53,624,265	49,106,283
Property and Equipment - Net	2,333,241	1,048,779
Cash Surrender Value of Life Insurance	199,305	191,481
	<u>\$ 60,161,144</u>	<u>\$ 55,570,250</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 462,643	\$ 465,161
Accrued Expenses	13	568
Annuity Obligations	178,998	183,386
Total Liabilities	<u>641,654</u>	<u>649,115</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(273,755)	(535,160)
Designated	4,220,022	4,038,316
With Donor Restrictions	55,573,223	51,417,979
Total Net Assets	<u>59,519,490</u>	<u>54,921,135</u>
Total Liabilities and Net Assets	<u>\$ 60,161,144</u>	<u>\$ 55,570,250</u>

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 99,860	\$ 3,154,256	\$ 3,254,116	\$ 107,044	\$ 3,602,486	\$ 3,709,530
Change in Value of Long-Term Contributions Receivable	8,001	48,441	56,442	18,452	28,278	46,730
In-Kind Contributions from UWSP	1,172,378	-	1,172,378	1,280,366	-	1,280,366
Fundraising Revenue	21,336	-	21,336	64,837	-	64,837
Interest and Dividends	9,563	2,022,265	2,031,828	28,942	1,744,353	1,773,295
Net Realized and Unrealized Gains (Losses) on Investments	210,779	2,318,112	2,528,891	339,586	3,561,337	3,900,923
Investment Income Allocated	118,137	(118,137)	-	117,544	(117,544)	-
Change in CSV of Life Insurance Policies	7,823	-	7,823	9,244	-	9,244
Change in Estimated Annuity Obligations	-	(12,805)	(12,805)	-	(12,984)	(12,984)
Operations Fee Transfers	809,183	(809,183)	-	762,036	(762,036)	-
Other Income	2,000	-	2,000	-	-	-
Reclassification of Net Assets Due to Fund Transfers and Changes in Donor Restrictions	(125,831)	125,831	-	(362,332)	362,332	-
Net Assets Released from Restrictions	2,573,536	(2,573,536)	-	3,013,489	(3,013,489)	-
Total Revenues, Gains, and Other Support	<u>4,906,765</u>	<u>4,155,244</u>	<u>9,062,009</u>	<u>5,379,208</u>	<u>5,392,733</u>	<u>10,771,941</u>
EXPENSES						
Program Expenses:						
Scholarships	1,000,592	-	1,000,592	1,113,621	-	1,113,621
Support of UWSP Programs	1,514,018	-	1,514,018	1,658,935	-	1,658,935
Total Program Expenses	<u>2,514,610</u>	<u>-</u>	<u>2,514,610</u>	<u>2,772,556</u>	<u>-</u>	<u>2,772,556</u>
Support Services:						
General and Administrative	568,899	-	568,899	582,846	-	582,846
Fundraising:						
Foundation	1,300,695	-	1,300,695	1,508,425	-	1,508,425
Support of UWSP Fundraising	79,450	-	79,450	338,443	-	338,443
Total Fundraising Expenses	<u>1,380,145</u>	<u>-</u>	<u>1,380,145</u>	<u>1,846,868</u>	<u>-</u>	<u>1,846,868</u>
Total Support Services Expenses	<u>1,949,044</u>	<u>-</u>	<u>1,949,044</u>	<u>2,429,714</u>	<u>-</u>	<u>2,429,714</u>
Total Expenses	<u>4,463,654</u>	<u>-</u>	<u>4,463,654</u>	<u>5,202,270</u>	<u>-</u>	<u>5,202,270</u>
CHANGE IN NET ASSETS	443,111	4,155,244	4,598,355	176,938	5,392,733	5,569,671
Net Assets - Beginning of Year	<u>3,503,156</u>	<u>51,417,979</u>	<u>54,921,135</u>	<u>3,326,218</u>	<u>46,025,246</u>	<u>49,351,464</u>
NET ASSETS - END OF YEAR	<u>\$ 3,946,267</u>	<u>\$ 55,573,223</u>	<u>\$ 59,519,490</u>	<u>\$ 3,503,156</u>	<u>\$ 51,417,979</u>	<u>\$ 54,921,135</u>

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020				2019			
	Program Expenses	Support Services			Program Expenses	Support Services		
		General and Administrative	Fundraising	Total		General and Administrative	Fundraising	Total
EXPENSES								
Scholarships	\$ 1,000,592	\$ -	\$ -	\$ 1,000,592	\$ 1,113,621	\$ -	\$ -	\$ 1,113,621
Support of UWSP Programs	1,514,018	-	-	1,514,018	1,658,935	-	-	1,658,935
Support of UWSP Fundraising	-	-	79,450	79,450	-	-	338,443	338,443
Salary and Benefits	-	-	332,094	332,094	-	-	405,137	405,137
Salary and Benefits In-Kind from UWSP	-	396,820	679,954	1,076,774	-	394,992	789,770	1,184,762
Recruiting Expense	-	-	12	12	-	-	-	-
Graphics and Printing Expense	-	2,144	28,707	30,851	-	2,539	36,117	38,656
Duplicating and Copying Expense	-	18	-	18	-	27	-	27
Training and Conferences	-	-	7,964	7,964	-	-	5,199	5,199
Contracted Services	-	34,036	227,558	261,594	-	29,104	196,514	225,618
Depreciation	-	7,121	-	7,121	-	7,680	-	7,680
Small Equipment and Furnishings	-	1,117	-	1,117	-	4,486	-	4,486
Telephone	-	2,564	6,566	9,130	-	2,380	7,561	9,941
Office Space and Utilities In-Kind from UWSP	-	98,726	-	98,726	-	95,604	-	95,604
Postage	-	923	10,864	11,787	-	665	16,494	17,159
Legal	-	2,781	-	2,781	-	3,273	-	3,273
Advertising and Promotion	-	-	3,878	3,878	-	-	33,409	33,409
Maintenance and Repair	-	3	-	3	-	633	-	633
Liability and Bonding Insurance	-	6,941	-	6,941	-	5,059	-	5,059
Supplies	-	1,788	-	1,788	-	4,913	-	4,913
Food, Meeting, and Event Expense	-	1,126	3,098	4,224	-	9,339	18,224	27,563
Sales Tax Expense	-	-	-	-	-	-	-	-
Credit Card/Bank Fees	-	9,205	-	9,205	-	18,501	-	18,501
Real Estate Taxes	-	3,586	-	3,586	-	3,651	-	3,651
Total Expenses	\$ 2,514,610	\$ 568,899	\$ 1,380,145	\$ 4,463,654	\$ 2,772,556	\$ 582,846	\$ 1,846,868	\$ 5,202,270

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,598,355	\$ 5,569,671
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,121	7,680
Realized and Unrealized Gains (Losses) on Investments	(2,528,891)	(3,900,923)
Contributions Restricted for Long-Term Investment	(243,460)	(933,464)
Change in Cash Value of Life Insurance	(7,824)	(9,243)
Change in Value of Annuity Obligations	(4,388)	(4,209)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(4,712)	-
Prepaid Expenses	13,608	18,824
Contributions Receivable - Net	1,158,064	3,126,434
Accounts Payable	(2,518)	28,435
Accrued Expenses	(555)	302
Net Cash Provided by Operating Activities	2,984,800	3,903,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,291,583)	(8,932)
Purchase of Investments	(2,339,214)	(7,278,047)
Proceeds from Sale of Investments	350,123	442,900
Net Cash Used by Investing Activities	(3,280,674)	(6,844,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Held in Perpetuity	243,460	933,464
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,414)	(2,007,108)
Cash and Cash Equivalents - Beginning of Year	1,742,820	3,749,928
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,690,406	\$ 1,742,820

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The University of Wisconsin - Stevens Point Foundation, Inc. (Foundation) provides fund development, program administration, account management, and consultation on charitable giving in order to provide funds to the University of Wisconsin - Stevens Point (UWSP), which would not otherwise be available from public sources. The Foundation's primary funding source is donor contributions and investment earnings. UWSP Foundation Property, LLC, a wholly owned subsidiary, was organized on October 24, 2011, in the state of Wisconsin under Chapter 183 of the Wisconsin Statutes for the purpose of aiding the Foundation in the acceptance of real estate contributions.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and UWSP Foundation Property, LLC, its consolidated subsidiary. Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Designated net assets are those assets set aside for specific purposes by the board of directors (board).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For financial statement purposes, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable are recognized as income when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows using interest rates which the Foundation feels represent the relevant risk rate. Conditional promises to give are not included as support until the conditions are substantially met. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance was \$46,000 at December 31, 2020 and 2019.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for a discussion of fair value measurements. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold.

Property and Equipment

Land, land improvements, equipment and buildings are stated at cost at the date of acquisition or at fair value if donated. The Foundation capitalizes assets with a value greater than \$1,000 and a life exceeding one year.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Land	Not Depreciated
Land Improvements	15 Years
Equipment	3 to 7 Years
Building	20 to 40 Years

Impairment of Long-Lived Assets

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

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Accounting standards require, among other things, the recognition at fair value of contributions received, including unconditional promises to give, in the period received. Donated marketable securities are recorded at their fair value on the date of such gifts. All contributions are considered to be available for general use, unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes, are reported as donor-restricted support, which increases the net asset with donor restriction net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions of the face value of life insurance policies are not recorded as revenues until cash is received.

Contributed Facilities, Equipment, and Services

Contributed facilities, equipment, and services represent the estimated fair rental value of office space and general corporate services or equipment provided. Contributed facilities are provided on a month-to-month basis and amounted to \$95,604 for the years ended December 31, 2020 and 2019. Contributed services are reflected in the consolidated financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Management, administrative, and fundraising services provided by the University of Wisconsin - Stevens Point (UWSP) amounted to \$1,076,774 and \$1,184,762 for the years December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the general and administrative and fundraising activities based on the best estimates of management for the related activities. Salaries and benefits are allocated on the basis of time and effort.

Use of Estimates

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

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision or benefit for income taxes has been included in these consolidated financial statements since the entity is exempt from federal income taxes, except for tax on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income for the years ended December 31, 2020 and 2019. The Foundation files income tax returns in the U.S. federal jurisdiction and one state.

Annuity Obligations

The Foundation received split interest agreements under two deferred gift annuity arrangements. The annuity provides a set amount to be paid to the annuitants at a future date over the annuitant's life. The remainder of the annuity is a charitable gift to the Foundation. A reserve is computed using estimated interest rates, discount rates, and mortality tables. At December 31, 2020 and 2019, this obligation was \$178,998 and \$183,386, respectively.

Subsequent Events

Subsequent events have been evaluated through October 22, 2021, which is the date the financial statements were available to be issued. Subsequent events have not been evaluated past that date.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give to the Foundation for years subsequent to December 31, 2020 and 2019 and consist of the following:

	<u>2020</u>	<u>2019</u>
General Pledges	\$ 2,246,058	\$ 3,460,565
Charitable Remainder Trust and Split-Interest Receivables	<u>97,426</u>	<u>86,366</u>
Total	2,343,484	3,546,931
Less:		
Discounts to Net Present Value	49,237	94,620
Allowance for Uncollectible Contributions	<u>46,000</u>	<u>46,000</u>
Total Contributions Receivable	<u>\$ 2,248,247</u>	<u>\$ 3,406,311</u>
Amounts Due in:		
Less than One Year	\$ 1,407,435	\$ 1,956,788
One to Five Years	869,475	1,533,158
More than Five Years	<u>66,574</u>	<u>56,985</u>
Total	2,343,484	3,546,931
Less: Unamortized Discounts and Allowances	<u>95,237</u>	<u>140,620</u>
Total Contributions Receivable	<u>\$ 2,248,247</u>	<u>\$ 3,406,311</u>

Contributions receivable with collection dates longer than one year are discounted at 2% to 5%.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 INVESTMENTS

Investments and endowments separately invested at December 31 are summarized as follows:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Funds Due from the University of Wisconsin Foundation - Pooled Investments:				
Spendable Fund	\$ 287,142	\$ 287,142	\$ 285,140	\$ 285,140
Specially Endowed Fund	33,367,251	37,728,433	31,925,047	34,483,378
Fully Endowed Fund	12,645,039	13,992,146	12,123,408	12,818,440
Laird Fund	1,301,033	1,452,611	1,258,997	1,344,277
Total Pooled Investments	<u>47,600,465</u>	<u>53,460,332</u>	<u>45,592,592</u>	<u>48,931,235</u>
Marketable Securities	83,642	163,933	102,087	175,048
Total	<u>\$ 47,684,107</u>	<u>\$ 53,624,265</u>	<u>\$ 45,694,679</u>	<u>\$ 49,106,283</u>

Investment gains and losses are shown net of related investment expenses in the consolidated statement of activities. The amount of expenses netted with revenues was \$446,747 and \$391,894 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 LIFE INSURANCE POLICIES

The Foundation is the owner and beneficiary of a number of life insurance policies. The cash surrender value of these policies at December 31, 2020 and 2019, was \$199,305 and \$191,481, respectively. Total death benefits were \$669,930 and \$668,982 as of December 31, 2020 and 2019, respectively. There were no policy loans outstanding at December 31, 2020 or 2019. The Foundation received no death benefits or cash surrender values for the years ended December 31, 2020 and 2019.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 are as follows:

	2020	2019
Land	\$ 1,131,030	\$ 1,029,830
Land Improvements	56,541	56,541
Equipment	143,738	142,580
Buildings	475,225	-
Construction in Progress	714,000	-
Total, at Cost	<u>2,520,534</u>	<u>1,228,951</u>
Less: Accumulated Depreciation	187,293	180,172
Total Property and Equipment	<u>\$ 2,333,241</u>	<u>\$ 1,048,779</u>

Depreciation expense was \$7,121 and \$7,680 for the years ended December 31, 2020 and 2019, respectively.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 NET ASSETS

Net assets are held for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Board-Designated:		
Programs	\$ 1,042,534	\$ 845,034
Scholarships	324,597	349,400
Other	2,852,891	2,843,882
Total	<u>\$ 4,220,022</u>	<u>\$ 4,038,316</u>
Restricted for a Specific Purpose:		
Programs	\$ 21,819,934	\$ 20,157,915
Scholarships	17,672,458	14,848,321
Other	2,956,482	3,257,381
Total	<u>\$ 42,448,874</u>	<u>\$ 38,263,617</u>
Restricted in Perpetuity:		
Programs	\$ 2,392,501	\$ 2,375,157
Scholarships	10,083,913	9,446,466
Other	647,935	1,332,739
Total	<u>\$ 13,124,349</u>	<u>\$ 13,154,362</u>

The Foundation's endowments consist of funds established to support a variety of programs at the Foundation. These endowments consist of both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's interpretation of the laws governing restrictions on net appreciation (depreciation) of donor-restricted endowments is based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies net assets with donor restrictions held in perpetuity as:

- The original value of gifts donated to the perpetual endowment, and
- The original value of subsequent gifts to the perpetual endowment.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 NET ASSETS (CONTINUED)

The remaining portion of the donor-restricted endowment fund not classified as restricted in perpetuity is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation's board. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation has adopted the investment policy of the University of Wisconsin Foundation (UWF). The proposed objective of UWF's endowment portfolio is to provide annual spending and appreciation of principal with an acceptable level of risk as determined by UWF. UWF's endowment portfolio strategic asset allocation has been established to attempt to achieve overall diversification, while providing the return necessary to meet the targeted investment objectives.

From time-to-time, the fair value of assets associated with endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and from continued appropriation for certain programs that was deemed prudent by the board. There were no such deficiencies as of December 31, 2020 and 2019.

Unless otherwise required by the terms of a fund charter, each year the annual distribution amount from the Foundation's endowed funds is determined as follows: (1) The amount, as a percentage of the funds' value, shall be reviewed annually by the executive committee and (2) a distribution amount shall be fixed and recommended by the executive committee to the board at the fall meeting. In making the recommendation of an annual distribution rate, the executive committee considers (i) the need of fund beneficiaries to receive substantially level payments from year to year; (ii) the value of maintaining an unimpeded flow of funds to the Foundation's recipients; (iii) the value of maintaining a long-term, consistent investment philosophy; and (iv) the importance of maintaining an established growth component in the endowed funds.

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NOTE 6 NET ASSETS (CONTINUED)

Net asset composition by type of fund as of December 31, 2020 is as follows:

	Without Donor Restrictions Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2020</u>				
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ -	\$ 12,680,827	\$ 12,680,827
Amounts Held for Appropriation	-	33,133,924	-	33,133,924
Board-Designated Endowment Funds	<u>3,364,393</u>	<u>-</u>	<u>-</u>	<u>3,364,393</u>
Total Endowment Funds	<u>3,364,393</u>	<u>33,133,924</u>	<u>12,680,827</u>	<u>49,179,144</u>
Other Nonendowed Funds	<u>855,629</u>	<u>9,314,950</u>	<u>443,522</u>	<u>10,614,101</u>
Total	<u>\$ 4,220,022</u>	<u>\$ 42,448,874</u>	<u>\$ 13,124,349</u>	<u>\$ 59,793,245</u>

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NOTE 6 NET ASSETS (CONTINUED)

Changes in designated and restricted net assets (including endowment) for the year ended December 31, 2020 is as follows:

<u>2020</u>	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
	Designated	Purpose Restrictions	Held in Perpetuity	
<u>Endowment Funds</u>				
Net Assets - Beginning of Year	\$ 3,336,107	\$ 29,849,017	\$ 12,026,035	\$ 45,211,159
Investment Return:				
Investment Income	-	28,925	7,524	36,449
Net Appreciation (Depreciation)	21,869	2,757,839	-	2,779,708
Contributions:				
Cash and Stock Gifts Received	-	1,396,733	915,460	2,312,193
Changes in Outstanding Pledges and Value of Deferred Gifts	-	-	-	-
Other Revenue	9,596	-	-	9,596
Transfers/Reclassifications	(3,179)	(898,590)	(268,192)	(1,169,961)
Net Assets - End of Year	<u>3,364,393</u>	<u>33,133,924</u>	<u>12,680,827</u>	<u>49,179,144</u>
<u>Other Nonendowed Funds</u>				
Net Assets - Beginning of Year	702,209	8,414,600	1,128,327	10,245,136
Investment Return:				
Investment Income	11,960	1,867,679	-	1,879,639
Net Appreciation (Depreciation)	-	(439,727)	-	(439,727)
Contributions:				
Cash and Stock Gifts Received	-	2,055,551	-	2,055,551
Changes in Outstanding Pledges and Value of Deferred Gifts	-	(493,047)	(672,000)	(1,165,047)
Other Revenue (Expense)	11,740	-	(12,805)	(1,065)
Amounts Appropriated for Expenditure	(20,524)	(2,573,536)	-	(2,594,060)
Transfers/Reclassifications	150,244	483,430	-	633,674
Net Assets - End of Year	<u>855,629</u>	<u>9,314,950</u>	<u>443,522</u>	<u>10,614,101</u>
Total	<u>\$ 4,220,022</u>	<u>\$ 42,448,874</u>	<u>\$ 13,124,349</u>	<u>\$ 59,793,245</u>

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NOTE 6 NET ASSETS (CONTINUED)

Net asset composition by type of fund as of December 31, 2019 is as follows:

<u>2019</u>	<u>Without Donor Restrictions Designated</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose Restrictions</u>	<u>Held in Perpetuity</u>	
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ -	\$ 12,026,035	\$ 12,026,035
Amounts Held for Appropriation	-	29,849,017	-	29,849,017
Board Designated Endowment Funds	<u>3,336,107</u>	<u>-</u>	<u>-</u>	<u>3,336,107</u>
Total Endowment Funds	<u>3,336,107</u>	<u>29,849,017</u>	<u>12,026,035</u>	<u>45,211,159</u>
Other Nonendowed Funds	<u>702,209</u>	<u>8,414,600</u>	<u>1,128,327</u>	<u>10,245,136</u>
Total	<u>\$ 4,038,316</u>	<u>\$ 38,263,617</u>	<u>\$ 13,154,362</u>	<u>\$ 55,456,295</u>

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NOTE 6 NET ASSETS (CONTINUED)

Changes in designated and restricted net assets (including endowment) for the year ended December 31, 2019 is as follows:

2019	Without Donor Restrictions Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>Endowment Funds</u>				
Net Assets - Beginning of Year	\$ 3,302,827	\$ 21,931,623	\$ 11,598,071	\$ 36,832,521
Investment Return:				
Investment Income	-	16,276	14,909	31,185
Net Appreciation (Depreciation)	34,072	3,854,125	-	3,888,197
Contributions:				
Cash and Stock Gifts Received	-	4,799,982	424,769	5,224,751
Changes in Outstanding Pledges and Value of Deferred Gifts	-	-	-	-
Other Revenue	2,087	-	-	2,087
Transfers/Reclassifications	(2,879)	(752,989)	(11,714)	(767,582)
Net Assets - End of Year	<u>3,336,107</u>	<u>29,849,017</u>	<u>12,026,035</u>	<u>45,211,159</u>
<u>Other Nonendowed Funds</u>				
Net Assets - Beginning of Year	708,186	11,862,936	632,616	13,203,738
Investment Return:				
Investment Income	11,703	1,595,624	-	1,607,327
Net Appreciation (Depreciation)	-	(292,788)	-	(292,788)
Contributions:				
Cash and Stock Gifts Received	-	1,545,873	-	1,545,873
Changes in Outstanding Pledges and Value of Deferred Gifts	-	(3,648,555)	508,695	(3,139,860)
Other Revenue (Expense)	62,750	-	(12,984)	49,766
Amounts Appropriated for Expenditure	(97,510)	(3,013,489)	-	(3,110,999)
Transfers/Reclassifications	17,080	364,999	-	382,079
Net Assets - End of Year	<u>702,209</u>	<u>8,414,600</u>	<u>1,128,327</u>	<u>10,245,136</u>
Total	<u>\$ 4,038,316</u>	<u>\$ 38,263,617</u>	<u>\$ 13,154,362</u>	<u>\$ 55,456,295</u>

NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation received \$369,849 and \$313,938 in contributions from members of the board and parties related to persons holding board and management positions during the years ended December 31, 2020 and 2019, respectively. Pledges due from members of the board amounted to \$35,000 and \$81,905 at December 31, 2020 and 2019, respectively. During 2020, the Foundation's subsidiary used a board member's employer (in which a management position is held) for the renovation of the welcome center building. As of December 31, 2020, renovation fees paid were \$644,655 and accounts payable for renovation fees owed were \$53,673.

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NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting standard *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Marketable Securities: Marketable securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

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NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

University of Wisconsin Foundation Pooled Investments: The Foundation's investment in the pooled accounts held by University of Wisconsin Foundation (UWF) are accounted for as funds due from other organizations and are recorded at fair value as obtained from UWF based on the net asset value (NAV) of the Foundation's units. The use of this method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values due to certain time restrictions upon withdrawal. However, the Foundation does not believe these time restrictions are significant for valuation purposes. The UWF elected to adopt ASU 2015-07 as of and for the year ended December 31, 2014 and applied it retrospectively. Therefore, the Foundation's investments for which fair value is measured using net asset value per share as a practical expedient have not been categorized within the fair value hierarchy.

The spendable fund's primary objective is the preservation of principal through investment grade floating rate securities; however, the fund has the flexibility to invest in higher yield investments. The target return for this fund is to exceed the three-month U.S. Treasury yield plus .25% over a market cycle.

The specially and fully endowed fund's primary objective is to provide annual spending and appreciation of principal with an acceptable level of risk. The target return for this fund is 10% per year over a market cycle. As of December 31, 2020 and 2019, the asset allocations of the endowed funds are as follows:

	<u>2020</u>	<u>2019</u>
Global Public Equity	63 %	64 %
Global Fixed Income	14	15
Real Estate	6	5
Private Equity	12	13
Reserve/Cash	5	3
Total	<u>100 %</u>	<u>100 %</u>

The return is based on the participation in the total investment returns and losses of the UWF's portfolios including interest, dividends, realized and unrealized gains and losses net of investment management fees and the UWF expense recovery fee.

For services rendered, the Foundation will be assessed an expense recovery fee equal to 0.25% per calendar quarter as a percentage of the fund assets in the Endowment portfolio. As of December 31, 2020 and 2019, the Foundation's funds can be withdrawn with five days written notice. There are no unfunded commitments for the pooled investments.

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NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring Basis:				
Marketable Securities	<u>\$ 163,933</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 163,933
Funds Due from the University of Wisconsin Foundation				
Pooled Investments:				
Spendable Fund				287,142
Specially Endowed Fund				37,728,433
Fully Endowed				13,992,146
Laird Fund				<u>1,452,611</u>
Total Investments				<u>\$ 53,624,265</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring Basis:				
Marketable Securities	<u>\$ 175,048</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 175,048
Funds Due from the University of Wisconsin Foundation				
Pooled Investments:				
Spendable Fund				285,140
Specially Endowed Fund				34,483,378
Fully Endowed Fund				12,818,440
Laird Fund				<u>1,344,277</u>
Total Investments				<u>\$ 49,106,283</u>

NOTE 9 CONCENTRATION

No contributors accounted for 10% or greater of total contributions for the year ended December 31, 2020.

One contributor accounted for approximately 18% of total contributions for the year ended December 31, 2019.

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NOTE 10 RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash, cash equivalents, investments, and contributions receivable. The Foundation has concentrated its credit risk for cash by maintaining deposits in banks which exceed federal deposit insurance limits. The Foundation has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on these deposits. Additionally, the Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. Credit risk exists for contributions receivable due to the number of contributors involved.

The Foundation relies on the University of Wisconsin - Stevens Point for donated services throughout the year as described in Note 1. Without these donated services the Foundation would not be able to continue operations at their current level.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 11 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,690,406	\$ 1,742,820
Receivables	2,252,959	3,406,311
Investments	<u>53,624,265</u>	<u>49,106,283</u>
Subtotal	57,567,630	54,255,414
Less: Donor-Restricted Net Assets	(55,573,223)	(51,417,979)
Less: Board Designated Endowment Funds	<u>(3,364,393)</u>	<u>(3,336,107)</u>
Total Financial Assets Available for General Expenditures	<u>\$ (1,369,986)</u>	<u>\$ (498,672)</u>

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NOTE 11 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The board-designated endowment is not intended to be spent (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation) and therefore these amounts could be made available if necessary. The Foundation strives to maintain liquid financial assets sufficient to cover daily operating expenses.