

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

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**



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**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University of Wisconsin - Stevens Point Foundation, Inc. and its Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Wisconsin - Stevens Point Foundation, Inc. and its Subsidiary's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University of Wisconsin - Stevens Point Foundation, Inc. and its Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Wisconsin - Stevens Point Foundation, Inc. and its Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
October 12, 2022

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 3,948,234	\$ 1,690,406
Accounts Receivable	-	4,712
Prepaid Expenses	62,309	60,968
Contributions Receivable - Net	1,997,375	2,165,158
Investments	65,686,083	53,624,265
Split-Interest Agreements	1,815,819	83,089
Property and Equipment - Net	1,422,538	2,333,241
Cash Surrender Value of Life Insurance	195,584	199,305
	<u>\$ 75,127,942</u>	<u>\$ 60,161,144</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 228,897	\$ 462,643
Accrued Expenses	12	13
Annuity Obligations	174,423	178,998
Total Liabilities	<u>403,332</u>	<u>641,654</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	790,863	(273,755)
Designated	3,882,700	4,220,022
With Donor Restrictions	70,051,047	55,573,223
Total Net Assets	<u>74,724,610</u>	<u>59,519,490</u>
Total Liabilities and Net Assets	<u>\$ 75,127,942</u>	<u>\$ 60,161,144</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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 507,220	\$ 10,576,254	\$ 11,083,474	\$ 99,860	\$ 3,200,685	\$ 3,300,545
Change in Value of Split-Interest Agreements	8,425	2,380	10,805	8,001	2,012	10,013
Fundraising Revenue	7,674	-	7,674	21,336	-	21,336
Interest and Dividends	16,772	2,085,870	2,102,642	9,563	2,022,265	2,031,828
Net Realized and Unrealized Gains (Losses) on Investments	467,209	5,865,936	6,333,145	210,779	2,318,112	2,528,891
Investment Income Allocated	117,027	(117,027)	-	118,137	(118,137)	-
Change in CSV of Life Insurance Policies	(3,720)	-	(3,720)	7,823	-	7,823
Change in Estimated Annuity Obligations	-	(12,618)	(12,618)	-	(12,805)	(12,805)
Operations Fee Transfers	929,237	(929,237)	-	809,183	(809,183)	-
Other Income	-	-	-	2,000	-	2,000
Reclassification of Net Assets Due to Fund Transfers and Changes in Donor Restrictions	(640,314)	640,314	-	(125,831)	125,831	-
Net Assets Released from Restrictions	3,634,048	(3,634,048)	-	2,573,536	(2,573,536)	-
Total Revenues, Gains, and Other Support	5,043,578	14,477,824	19,521,402	3,734,387	4,155,244	7,889,631
EXPENSES						
Program Expenses:						
Scholarships	1,144,361	-	1,144,361	1,000,592	-	1,000,592
Support of UWSP Programs	1,156,848	-	1,156,848	1,514,018	-	1,514,018
Property Donation to UWSP	1,208,680	-	1,208,680	-	-	-
Total Program Expenses	3,509,889	-	3,509,889	2,514,610	-	2,514,610
Support Services:						
General and Administrative	544,315	-	544,315	568,899	-	568,899
Fundraising:						
Foundation	1,077,966	-	1,077,966	1,300,695	-	1,300,695
Support of UWSP Fundraising	147,378	-	147,378	79,450	-	79,450
Total Fundraising Expenses	1,225,344	-	1,225,344	1,380,145	-	1,380,145
Total Support Services Expenses	1,769,659	-	1,769,659	1,949,044	-	1,949,044
Total Expenses	5,279,548	-	5,279,548	4,463,654	-	4,463,654
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(235,970)	14,477,824	14,241,854	(729,267)	4,155,244	3,425,977
Equity Transfer - Donated Services from Affiliate (UWSP)	963,266	-	963,266	1,172,378	-	1,172,378
CHANGE IN NET ASSETS	727,296	14,477,824	15,205,120	443,111	4,155,244	4,598,355
Net Assets - Beginning of Year	3,946,267	55,573,223	59,519,490	3,503,156	51,417,979	54,921,135
NET ASSETS - END OF YEAR	\$ 4,673,563	\$ 70,051,047	\$ 74,724,610	\$ 3,946,267	\$ 55,573,223	\$ 59,519,490

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, 2021 AND 2020**

EXPENSES	2021				2020			
	Program Expenses	Support Services		Total	Program Expenses	Support Services		Total
		General and Administrative	Fundraising			General and Administrative	Fundraising	
Scholarships	\$ 1,144,361	\$ -	\$ -	\$ 1,144,361	\$ 1,000,592	\$ -	\$ -	\$ 1,000,592
Support of UWSP Programs	1,156,848	-	-	1,156,848	1,514,018	-	-	1,514,018
Support of UWSP Fundraising	-	-	147,378	147,378	-	-	79,450	79,450
Salary and Benefits	-	-	294,891	294,891	-	-	332,094	332,094
Salary and Benefits In-Kind from UWSP	-	404,711	504,394	909,105	-	396,820	679,954	1,076,774
Recruiting Expense	-	-	1,546	1,546	-	-	12	12
Graphics and Printing Expense	-	1,617	25,928	27,545	-	2,144	28,707	30,851
Duplicating and Copying Expense	-	11	-	11	-	18	-	18
Training and Conferences	-	-	5,849	5,849	-	-	7,964	7,964
Contracted Services	-	32,737	216,469	249,206	-	34,036	227,558	261,594
Depreciation	-	5,478	-	5,478	-	7,121	-	7,121
Small Equipment and Furnishings	-	271	-	271	-	1,117	-	1,117
Telephone	-	2,279	5,428	7,707	-	2,564	6,566	9,130
Office Space and Utilities In-Kind from UWSP	-	54,161	-	54,161	-	98,726	-	98,726
Postage	-	947	12,734	13,681	-	923	10,864	11,787
Legal	-	3,768	-	3,768	-	2,781	-	2,781
Advertising and Promotion	-	460	9,652	10,112	-	-	3,878	3,878
Maintenance and Repair	-	2,905	-	2,905	-	3	-	3
Liability and Bonding Insurance	-	11,318	-	11,318	-	6,941	-	6,941
Supplies	-	2,410	-	2,410	-	1,788	-	1,788
Food, Meeting, and Event Expense	-	1,089	1,075	2,164	-	1,126	3,098	4,224
Credit Card/Bank Fees	-	17,193	-	17,193	-	9,205	-	9,205
Real Estate Taxes	-	2,960	-	2,960	-	3,586	-	3,586
Property Donation to UWSP	1,208,680	-	-	1,208,680	-	-	-	-
Total Expenses	\$ 3,509,889	\$ 544,315	\$ 1,225,344	\$ 5,279,548	\$ 2,514,610	\$ 568,899	\$ 1,380,145	\$ 4,463,654

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 15,205,120	\$ 4,598,355
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,478	7,121
Realized and Unrealized Gains on Investments	(6,333,145)	(2,528,891)
Property Transferred to the University	1,208,680	-
Contribution of Assets Held Under Split-Interest Agreements	(1,721,925)	-
Contributions Restricted for Long-Term Investment	(3,399,512)	(243,460)
Change in Value of Split-Interest Agreements	(10,805)	(10,013)
Change in Cash Value of Life Insurance	3,721	(7,824)
Change in Value of Annuity Obligations	(4,575)	(4,388)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	4,712	(4,712)
Prepaid Expenses	(1,341)	13,608
Contributions Receivable - Net	167,783	1,168,077
Accounts Payable	(233,746)	(2,518)
Accrued Expenses	(1)	(555)
Net Cash Provided by Operating Activities	4,890,444	2,984,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(303,455)	(1,291,583)
Purchase of Investments	(5,883,897)	(2,339,214)
Proceeds from Sale of Investments	155,224	350,123
Net Cash Used by Investing Activities	(6,032,128)	(3,280,674)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Held in Perpetuity	3,399,512	243,460
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,257,828	(52,414)
Cash and Cash Equivalents - Beginning of Year	1,690,406	1,742,820
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,948,234	\$ 1,690,406

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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 \$63,000 and \$46,000 at December 31, 2021 and 2020, respectively.

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.

Split-Interest Agreements

The Foundation's split-interest agreements include a remainder interest in a charitable annuity trust and are held by a third party. The Foundation is entitled to the remaining amounts after payments to other beneficiaries are made. Split interest agreements are presented in the accompanying consolidated financial statements at fair value using methodologies described in Note 8 – Fair Value Measurements. Split interest agreements include donor restricted funds, described in Note 6 – Net Assets, subject to the passage of time until the assets are distributed; at that point they will become net assets without donor restrictions.

The change in present value is recorded on the consolidated statements of activities as change in value of split-interest agreements.

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

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue Recognition

Accounting standards require, among other things, the recognition at fair value of contributions received, including unconditional promises to give, or notification of a beneficial interest, 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 \$54,161 and \$95,604 for the years ended December 31, 2021 and 2020, respectively. 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 \$909,105 and \$1,076,774 for the years December 31, 2021 and 2020, 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.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain amounts in these 2020 consolidated financial statements have been reclassified from where they were previously presented. These reclassifications had no impact on the previously reported net income.

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, 2021 and 2020. 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, 2021 and 2020, this obligation was \$174,423 and \$178,998, respectively.

Subsequent Events

Subsequent events have been evaluated through October 12, 2022, which is the date the consolidated financial statements were available to be issued. Subsequent events have not been evaluated past that date.

Accounting Standard Updates

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is expected to improve the transparency of contributed nonfinancial assets (in-kind contributions) through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. This ASU is effective for the year ending December 31, 2022. Management is currently evaluating the impact of ASU 2020-07 on the financial statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give to the Foundation for years subsequent to December 31, 2021 and 2020 and consist of the following:

	<u>2021</u>	<u>2020</u>
General Pledges	\$ 2,120,151	\$ 2,246,058
Less:		
Discounts to Net Present Value	59,776	34,900
Allowance for Uncollectible Contributions	63,000	46,000
Total Contributions Receivable	<u>\$ 1,997,375</u>	<u>\$ 2,165,158</u>
Amounts Due in:		
Less than One Year	\$ 1,244,503	\$ 1,407,435
One to Five Years	796,718	838,623
More than Five Years	78,930	-
Total	<u>2,120,151</u>	<u>2,246,058</u>
Less: Unamortized Discounts and Allowances	122,776	80,900
Total Contributions Receivable	<u>\$ 1,997,375</u>	<u>\$ 2,165,158</u>

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

NOTE 3 INVESTMENTS

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

	<u>2021</u>		<u>2020</u>	
	Cost	Fair Value	Cost	Fair Value
Funds Due from the University of Wisconsin Foundation - Pooled Investments:				
Spendable Fund	\$ 287,429	\$ 287,429	\$ 287,142	\$ 287,142
Specially Endowed Fund	35,115,493	44,377,055	33,367,251	37,728,433
Fully Endowed Fund	16,081,318	19,200,846	12,645,039	13,992,146
Laird Fund	1,317,025	1,648,810	1,301,033	1,452,611
Total Pooled Investments	<u>52,801,266</u>	<u>65,514,140</u>	<u>47,600,465</u>	<u>53,460,332</u>
Marketable Securities	90,554	171,943	83,642	163,933
Total	<u>\$ 52,891,819</u>	<u>\$ 65,686,083</u>	<u>\$ 47,684,107</u>	<u>\$ 53,624,265</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 \$522,109 and \$446,747 for the years ended December 31, 2021 and 2020, respectively.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, was \$195,584 and \$199,305, respectively. Total death benefits were \$647,972 and \$669,930 as of December 31, 2021 and 2020, respectively. There were no policy loans outstanding at December 31, 2021 or 2020. The Foundation received no death benefits or cash surrender values for the years ended December 31, 2021 and 2020.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,415,030	\$ 1,131,030
Land Improvements	56,541	56,541
Equipment	117,353	143,738
Buildings	-	475,225
Construction in Progress	-	714,000
Total, at Cost	<u>1,588,924</u>	<u>2,520,534</u>
Less: Accumulated Depreciation	<u>166,386</u>	<u>187,293</u>
Total Property and Equipment	<u>\$ 1,422,538</u>	<u>\$ 2,333,241</u>

Depreciation expense was \$5,478 and \$7,121 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Board-Designated:		
Programs	\$ 1,676,284	\$ 1,042,534
Scholarships	269,455	324,597
Other	1,936,961	2,852,891
Total	<u>\$ 3,882,700</u>	<u>\$ 4,220,022</u>
Restricted for a Specific Purpose:		
Programs	\$ 25,716,488	\$ 21,819,934
Scholarships	23,197,905	17,672,458
Other	4,605,752	2,956,482
Total	<u>\$ 53,520,145</u>	<u>\$ 42,448,874</u>
Restricted in Perpetuity:		
Programs	\$ 5,426,700	\$ 2,392,501
Scholarships	10,453,861	10,083,913
Other	650,341	647,935
Total	<u>\$ 16,530,902</u>	<u>\$ 13,124,349</u>

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
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NOTE 6 NET ASSETS (CONTINUED)

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.

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, 2021 and 2020.

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NOTE 6 NET ASSETS (CONTINUED)

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.

Net asset composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restrictions Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2021</u>				
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ -	\$ 16,084,974	\$ 16,084,974
Amounts Held for Appropriation	-	44,040,979	-	44,040,979
Board-Designated Endowment Funds	<u>3,011,289</u>	<u>-</u>	<u>-</u>	<u>3,011,289</u>
Total Endowment Funds	3,011,289	44,040,979	16,084,974	63,137,242
Other Nonendowed Funds	<u>871,411</u>	<u>9,479,166</u>	<u>445,928</u>	<u>10,796,505</u>
Total	<u>\$ 3,882,700</u>	<u>\$ 53,520,145</u>	<u>\$ 16,530,902</u>	<u>\$ 73,933,747</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, 2021 is as follows:

	Without Donor Restrictions Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2021</u>				
<u>Endowment Funds</u>				
Net Assets - Beginning of Year	\$ 3,364,393	\$ 33,133,924	\$ 12,680,827	\$ 49,179,144
Investment Return:				
Investment Income	-	16,052	7,864	23,916
Net Appreciation (Depreciation)	69,895	6,173,837	-	6,243,732
Contributions:				
Cash and Stock Gifts Received	-	3,993,993	3,384,488	7,378,481
Changes in Outstanding Pledges and Value of Deferred Gifts	-	1,721,925	-	1,721,925
Other Revenue	2,278	-	-	2,278
Transfers/Reclassifications	<u>(425,277)</u>	<u>(998,752)</u>	<u>11,795</u>	<u>(1,412,234)</u>
Net Assets - End of Year	<u>3,011,289</u>	<u>44,040,979</u>	<u>16,084,974</u>	<u>63,137,242</u>
<u>Other Nonendowed Funds</u>				
Net Assets - Beginning of Year	855,629	9,314,950	443,522	10,614,101
Investment Return:				
Investment Income	11,989	1,944,927	-	1,956,916
Net Appreciation (Depreciation)	-	(307,901)	-	(307,901)
Contributions:				
Cash and Stock Gifts Received	-	2,067,818	-	2,067,818
Changes in Outstanding Pledges and Value of Deferred Gifts	-	(604,614)	15,024	(589,590)
Other Revenue (Expense)	5,396	-	(12,618)	(7,222)
Amounts Appropriated for Expenditure	(23,218)	(2,425,370)	-	(2,448,588)
Transfers/Reclassifications	<u>21,615</u>	<u>(510,644)</u>	<u>-</u>	<u>(489,029)</u>
Net Assets - End of Year	<u>871,411</u>	<u>9,479,166</u>	<u>445,928</u>	<u>10,796,505</u>
Total	<u>\$ 3,882,700</u>	<u>\$ 53,520,145</u>	<u>\$ 16,530,902</u>	<u>\$ 73,933,747</u>

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:

2020	Without Donor Restrictions Designated	With Donor Restrictions		Total
		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>

NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation received \$564,005 and \$369,849 in contributions and in-kind property from members of the board and parties related to persons holding board and management positions during the years ended December 31, 2021 and 2020, respectively. Pledges due from members of the board amounted to \$30,000 and \$35,000 at December 31, 2021 and 2020, respectively. 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, 2021 and 2020, renovation fees paid were \$63,005 and \$644,655, respectively, and accounts payable for renovation fees owed were \$-0- and \$53,673, respectively.

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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.

Split Interest Agreements: The fair values of assets held under split-interest agreements are determined by using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of investments as reported by the manager and trustee. The unobservable inputs include the discount rate's duration. These are classified within Level 3 of the valuation 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, 2021 and 2020, the asset allocations of the endowed funds are as follows:

	<u>2021</u>	<u>2020</u>
Global Public Equity	56 %	63 %
Global Fixed Income	18	14
Real Estate	8	6
Private Equity	17	12
Reserve/Cash	1	5
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, 2021 and 2020, 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring Basis:				
Marketable Securities	<u>\$ 171,943</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 171,943
Funds Due from the University of Wisconsin Foundation				
Pooled Investments:				
Spendable Fund				287,429
Specially Endowed Fund				44,377,055
Fully Endowed				19,200,846
Laird Fund				<u>1,648,810</u>
Total Investments				<u>\$ 65,686,083</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,815,819</u>	<u>\$ 1,815,819</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, 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 Fund				13,992,146
Laird Fund				<u>1,452,611</u>
Total Investments				<u>\$ 53,624,265</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,089</u>	<u>\$ 83,089</u>

NOTE 9 CONCENTRATION

One contributor accounted for 27% of total contributions for the year ended December 31, 2021.

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

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
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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.

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:

	2021	2020
Cash and Cash Equivalents	\$ 3,948,234	\$ 1,690,406
Receivables	1,997,375	2,169,870
Investments	65,686,083	53,624,265
Split-Interest Agreements	1,815,819	83,089
Subtotal	<u>73,447,511</u>	<u>57,567,630</u>
Less: Donor-Restricted Net Assets	(70,051,047)	(55,573,223)
Less: Board-Designated Endowment Funds	<u>(3,011,289)</u>	<u>(3,364,393)</u>
Total Financial Assets Available for General Expenditures	<u>\$ 385,175</u>	<u>\$ (1,369,986)</u>

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.



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