

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

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**



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**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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 Financial Statements

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, 2019 and 2018, 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, 2019 and 2018, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
October 16, 2020

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 1,742,820	\$ 3,749,928
Prepaid Expenses	74,576	93,400
Contributions Receivable - Net	3,406,311	6,532,745
Investments	49,106,283	38,370,213
Land, Land Improvements, and Equipment - Net	1,048,779	1,047,527
Cash Surrender Value of Life Insurance	191,481	182,238
	<u>\$ 55,570,250</u>	<u>\$ 49,976,051</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 465,161	\$ 436,726
Accrued Expenses	568	266
Annuity Obligations	183,386	187,595
Total Liabilities	<u>649,115</u>	<u>624,587</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(535,160)	(684,795)
Designated	4,038,316	4,011,013
With Donor Restrictions	51,417,979	46,025,246
Total Net Assets	<u>54,921,135</u>	<u>49,351,464</u>
Total Liabilities and Net Assets	<u>\$ 55,570,250</u>	<u>\$ 49,976,051</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, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 107,044	\$ 3,602,486	\$ 3,709,530	\$ 182,601	\$ 6,268,142	\$ 6,450,743
Change in Value of Long-Term Contributions Receivable	18,452	28,278	46,730	(20,644)	(90,083)	(110,727)
In-Kind Contributions from UWSP	1,280,366	-	1,280,366	1,285,440	-	1,285,440
Fundraising Revenue	64,837	-	64,837	48,179	-	48,179
Interest and Dividends	28,942	1,744,353	1,773,295	5,705	1,346,236	1,351,941
Net Realized and Unrealized Gains (Losses) on Investments	339,586	3,561,337	3,900,923	(240,144)	(2,572,609)	(2,812,753)
Investment Income Allocated	117,544	(117,544)	-	99,616	(99,616)	-
Change in CSV of Life Insurance Policies	9,244	-	9,244	9,873	-	9,873
Change in Estimated Annuity Obligations	-	(12,984)	(12,984)	-	(13,156)	(13,156)
Operations Fee Transfers	762,036	(762,036)	-	674,101	(674,101)	-
Reclassification of Net Assets Due to Fund Transfers and Changes in Donor Restrictions	(362,332)	362,332	-	(269,280)	269,280	-
Net Assets Released from Restrictions	3,013,489	(3,013,489)	-	2,116,934	(2,116,934)	-
Total Revenues, Gains, and Other Support	<u>5,379,208</u>	<u>5,392,733</u>	<u>10,771,941</u>	<u>3,892,381</u>	<u>2,317,159</u>	<u>6,209,540</u>
EXPENSES						
Program Expenses:						
Scholarships	1,113,621	-	1,113,621	936,462	-	936,462
Support of UWSP Programs	1,658,935	-	1,658,935	937,085	-	937,085
Total Program Expenses	<u>2,772,556</u>	<u>-</u>	<u>2,772,556</u>	<u>1,873,547</u>	<u>-</u>	<u>1,873,547</u>
Support Services:						
General and Administrative	582,846	-	582,846	577,993	-	577,993
Fundraising:						
Foundation	1,508,425	-	1,508,425	1,520,549	-	1,520,549
Support of UWSP Fundraising	338,443	-	338,443	328,159	-	328,159
Total Fundraising Expenses	<u>1,846,868</u>	<u>-</u>	<u>1,846,868</u>	<u>1,848,708</u>	<u>-</u>	<u>1,848,708</u>
Total Support Services Expenses	<u>2,429,714</u>	<u>-</u>	<u>2,429,714</u>	<u>2,426,701</u>	<u>-</u>	<u>2,426,701</u>
Total Expenses	<u>5,202,270</u>	<u>-</u>	<u>5,202,270</u>	<u>4,300,248</u>	<u>-</u>	<u>4,300,248</u>
CHANGE IN NET ASSETS	176,938	5,392,733	5,569,671	(407,867)	2,317,159	1,909,292
Net Assets - Beginning of Year	<u>3,326,218</u>	<u>46,025,246</u>	<u>49,351,464</u>	<u>3,734,085</u>	<u>43,708,087</u>	<u>47,442,172</u>
NET ASSETS - END 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>

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, 2019 AND 2018**

EXPENSES	2019				2018			
	Program Expenses	Support Services			Program Expenses	Support Services		
		General and Administrative	Fundraising	Total		General and Administrative	Fundraising	Total
Scholarships	\$ 1,113,621	\$ -	\$ -	\$ 1,113,621	\$ 936,462	\$ -	\$ -	\$ 936,462
Support of UWSP Programs	1,658,935	-	-	1,658,935	937,085	-	-	937,085
Support of UWSP Fundraising	-	-	338,443	338,443	-	-	328,159	328,159
Salary and Benefits	-	-	405,137	405,137	-	51,064	359,598	410,662
Salary and Benefits In-Kind from UWSP	-	394,992	789,770	1,184,762	-	330,291	859,545	1,189,836
Graphics and Printing Expense	-	2,539	36,117	38,656	-	2,559	50,206	52,765
Duplicating and Copying Expense	-	27	-	27	-	80	-	80
Training and Conferences	-	-	5,199	5,199	-	-	7,940	7,940
Contracted Services	-	29,104	196,514	225,618	-	25,855	145,072	170,927
Depreciation	-	7,680	-	7,680	-	7,751	-	7,751
Small Equipment and Furnishings	-	4,486	-	4,486	-	4,144	-	4,144
Telephone	-	2,380	7,561	9,941	-	2,824	8,760	11,584
Office Space and Utilities In-Kind from UWSP	-	95,604	-	95,604	-	95,604	-	95,604
Postage	-	665	16,494	17,159	-	9,842	24,859	34,701
Legal	-	3,273	-	3,273	-	90	-	90
Advertising and Promotion	-	-	33,409	33,409	-	85	42,517	42,602
Maintenance and Repair	-	633	-	633	-	5,699	-	5,699
Liability and Bonding Insurance	-	5,059	-	5,059	-	5,192	-	5,192
Supplies	-	4,913	-	4,913	-	4,995	-	4,995
Food, Meeting, and Event Expense	-	9,339	18,224	27,563	-	6,996	22,052	29,048
Sales Tax Expense	-	-	-	-	-	20	-	20
Credit Card/Bank Fees	-	18,501	-	18,501	-	21,328	-	21,328
Real Estate Taxes	-	3,651	-	3,651	-	3,574	-	3,574
Total Expenses	\$ 2,772,556	\$ 582,846	\$ 1,846,868	\$ 5,202,270	\$ 1,873,547	\$ 577,993	\$ 1,848,708	\$ 4,300,248

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, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,569,671	\$ 1,909,292
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,680	7,751
Realized and Unrealized Gains (Losses) on Investments	(3,900,923)	2,812,753
Contributions Restricted for Long-Term Investment	(933,464)	(211,608)
Change in Cash Value of Life Insurance	(9,243)	(9,873)
Change in Value of Annuity Obligations	(4,209)	(4,037)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	-	26,918
Prepaid Expenses	18,824	28,050
Contributions Receivable - Net	3,126,434	(473,005)
Accounts Payable	28,435	18,925
Accrued Expenses	302	(19,899)
Net Cash Provided by Operating Activities	3,903,507	4,085,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Land Improvements, and Equipment	(8,932)	(4,087)
Purchase of Investments	(7,278,047)	(7,756,620)
Proceeds from Sale of Investments	442,900	1,223,250
Net Cash Used by Investing Activities	(6,844,079)	(6,537,457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Held in Perpetuity	933,464	211,608
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,007,108)	(2,240,582)
Cash and Cash Equivalents - Beginning of Year	3,749,928	5,990,510
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,742,820	\$ 3,749,928

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018**

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, 2019 and 2018.

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.

Land, Land Improvements, Equipment, and Depreciation

Land, land improvements, and equipment 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

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, 2019 AND 2018**

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, 2019 and 2018. 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 \$1,184,762 and \$1,189,836 for the years December 31, 2019 and 2018, 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, 2019 AND 2018**

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, 2019 and 2018. 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, 2019 and 2018, this obligation was \$183,386 and \$187,595, respectively.

Accounting Standard Updates

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Foundation's financial statements reflect the application of ASC 606 guidance and adoption of ASU 2018-08 beginning January 1, 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASUs 2014-09 and 2018-08 did not significantly impact the Foundation's reported historical revenue.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified from where they were presented last year to conform to the 2019 presentation. The reclassifications had no impact on previously reported net assets.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give to the Foundation for years subsequent to December 31, 2019 and 2018 and consist of the following:

	2019	2018
General Pledges	\$ 3,460,565	\$ 6,633,730
Charitable Remainder Trust and Split-Interest Receivables	86,366	57,295
Total	3,546,931	6,691,025
Less:		
Discounts to Net Present Value	94,620	112,280
Allowance for Uncollectible Contributions	46,000	46,000
Total Contributions Receivable	\$ 3,406,311	\$ 6,532,745
	2019	2018
Amounts Due in:		
Less than One Year	\$ 1,956,788	\$ 4,884,236
One to Five Years	1,533,158	1,749,494
More than Five Years	56,985	57,295
Total	3,546,931	6,691,025
Less: Unamortized Discounts and Allowances	140,620	158,280
Total Contributions Receivable	\$ 3,406,311	\$ 6,532,745

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:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Funds Due from the University of Wisconsin Foundation - Pooled Investments:				
Spendable Fund	\$ 285,140	\$ 285,140	\$ 281,600	\$ 281,600
Specially Endowed Fund	31,925,047	34,483,378	25,282,398	25,202,034
Fully Endowed Fund	12,123,408	12,818,440	11,933,136	11,473,939
Laird Fund	1,258,997	1,344,277	1,278,010	1,245,969
Total Pooled Investments	45,592,592	48,931,235	38,775,144	38,203,542
Marketable Securities	102,087	175,048	81,084	166,671
Total	\$ 45,694,679	\$ 49,106,283	\$ 38,856,228	\$ 38,370,213

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 \$391,894 and \$316,160 for the years ended December 31, 2019 and 2018, respectively.

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, was \$191,481 and \$182,238, respectively. Total death benefits were \$668,982 and \$666,229 as of December 31, 2019 and 2018, respectively. There were no policy loans outstanding at December 31, 2019 or 2018. The Foundation received no death benefits or cash surrender values for the years ended December 31, 2019 and 2018.

NOTE 5 LAND, LAND IMPROVEMENTS, AND EQUIPMENT

Land, land improvements, and equipment as of December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,029,830	\$ 1,029,830
Land Improvements	56,541	56,541
Equipment	<u>142,580</u>	<u>133,648</u>
Total, at Cost	1,228,951	1,220,019
Less: Accumulated Depreciation	<u>180,172</u>	<u>172,492</u>
Total Land, Land Improvements, and Equipment	<u>\$ 1,048,779</u>	<u>\$ 1,047,527</u>

Depreciation expense was \$7,680 and \$7,751 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Board Designated:		
Programs	\$ 845,034	\$ 771,711
Scholarships	349,400	402,172
Other	<u>2,843,882</u>	<u>2,837,130</u>
Total	<u>\$ 4,038,316</u>	<u>\$ 4,011,013</u>
Restricted for a Specific Purpose:		
Programs	\$ 20,157,915	\$ 17,503,762
Scholarships	14,848,321	9,424,577
Other	<u>3,257,381</u>	<u>6,866,220</u>
Total	<u>\$ 38,263,617</u>	<u>\$ 33,794,559</u>
Restricted in Perpetuity:		
Programs	\$ 2,375,157	\$ 2,309,593
Scholarships	9,446,466	9,084,231
Other	<u>1,332,739</u>	<u>836,863</u>
Total	<u>\$ 13,154,362</u>	<u>\$ 12,230,687</u>

**UNIVERSITY OF WISCONSIN - STEVENS POINT FOUNDATION, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 generally accepted accounting principles, 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.

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NOTE 6 NET ASSETS (CONTINUED)

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, 2019 and 2018.

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, 2019 is as follows:

	Without Donor Restrictions - Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2019</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	3,336,107	29,849,017	12,026,035	45,211,159
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:

	Without Donor Restrictions - Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2019</u>				
<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>

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NOTE 6 NET ASSETS (CONTINUED)

Net asset composition by type of fund as of December 31, 2018 is as follows:

	Without Donor Restrictions - Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2018</u>				
Donor-Restricted Endowment Funds:				
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ -	\$ 11,598,071	\$ 11,598,071
Amounts Held for Appropriation	-	21,931,623	-	21,931,623
Board Designated Endowment Funds	<u>3,302,827</u>	<u>-</u>	<u>-</u>	<u>3,302,827</u>
Total Endowment Funds	<u>3,302,827</u>	<u>21,931,623</u>	<u>11,598,071</u>	<u>36,832,521</u>
Other Nonendowed Funds	<u>708,186</u>	<u>11,862,936</u>	<u>632,616</u>	<u>13,203,738</u>
Total	<u>\$ 4,011,013</u>	<u>\$ 33,794,559</u>	<u>\$ 12,230,687</u>	<u>\$ 50,036,259</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, 2018 is as follows:

	Without Donor Restrictions - Designated	With Donor Restrictions		Total
		Purpose Restrictions	Held in Perpetuity	
<u>2018</u>				
<u>Endowment Funds</u>				
Net Assets - Beginning of Year	\$ 3,304,621	\$ 21,263,967	\$ 11,790,832	\$ 36,359,420
Investment Return:				
Investment Income	-	9,511	14,280	23,791
Net Appreciation (Depreciation)	(23,800)	(2,496,521)	-	(2,520,321)
Contributions:				
Cash and Stock Gifts Received	-	3,528,573	136,759	3,665,332
Changes in Outstanding Pledges and Value of Deferred Gifts	-	-	(11,856)	(11,856)
Other Revenue	1,886	-	-	1,886
Transfers/Reclassifications	20,120	(373,907)	(331,944)	(685,731)
Net Assets - End of Year	<u>3,302,827</u>	<u>21,931,623</u>	<u>11,598,071</u>	<u>36,832,521</u>
 <u>Other Nonendowed Funds</u>				
Net Assets - Beginning of Year	691,730	10,094,220	559,068	11,345,018
Investment Return:				
Investment Income	11,569	1,222,829	-	1,234,398
Net Appreciation (Depreciation)	-	(76,088)	-	(76,088)
Contributions:				
Cash and Stock Gifts Received	-	2,016,729	-	2,016,729
Changes in Outstanding Pledges and Value of Deferred Gifts	-	421,150	86,704	507,854
Other Revenue (Expense)	46,293	-	(13,156)	33,137
Amounts Appropriated for Expenditure	(84,773)	(2,116,934)	-	(2,201,707)
Transfers/Reclassifications	43,367	301,030	-	344,397
Net Assets - End of Year	<u>708,186</u>	<u>11,862,936</u>	<u>632,616</u>	<u>13,203,738</u>
Total	<u>\$ 4,011,013</u>	<u>\$ 33,794,559</u>	<u>\$ 12,230,687</u>	<u>\$ 50,036,259</u>

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NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation received \$313,938 and \$462,955 in contributions from members of the board and parties related to persons holding board and management positions during the years ended December 31, 2019 and 2018, respectively. Pledges due from members of the board amounted to \$81,905 and \$10,000 at December 31, 2019 and 2018, respectively.

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.

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NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

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, 2019 and 2018, the asset allocations of the endowed funds are as follows:

	2019	2018
Global Public Equity	64 %	58 %
Global Fixed Income	15	18
Real Estate	5	4
Private Equity	13	16
Reserve/Cash	3	4
Total	100 %	100 %

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, 2019 and 2018, 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, 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				12,818,440
Laird Fund				<u>1,344,277</u>
Total Investments				<u>\$ 49,106,283</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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring Basis:				
Marketable Securities	<u>\$ 166,671</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 166,671
Funds Due from the University of Wisconsin Foundation				
Pooled Investments:				
Spendable Fund				281,600
Specially Endowed Fund				25,202,034
Fully Endowed Fund				11,473,939
Laird Fund				<u>1,245,969</u>
Total Investments				<u>\$ 38,370,213</u>

NOTE 9 CONCENTRATION

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

Two contributors accounted for approximately 34% of total contributions for the year ended December 31, 2018.

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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:

	2019	2018
Cash and Cash Equivalents	\$ 1,742,820	\$ 3,749,928
Receivables	3,406,311	6,532,745
Investments	49,106,283	38,370,213
Subtotal	<u>54,255,414</u>	<u>48,652,886</u>
Less: Donor-Restricted Net Assets	(51,417,979)	(46,025,246)
Less: Board Designated Endowment Funds	<u>(3,336,107)</u>	<u>(3,302,827)</u>
Total Financial Assets Available for General Expenditures	<u>\$ (498,672)</u>	<u>\$ (675,187)</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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NOTE 12 SUBSEQUENT EVENTS

In February 2020, property was purchased for \$475,000 to add a welcome center to the UWSP Campus based on an offer to purchase which was accepted in December 2019. The Foundation assigned its right to purchase to UWSP Foundation Property, LLC (its consolidated subsidiary).

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID19 may impact various parts of its 2020 operations and financial results. Management believes the Foundation 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 occurred subsequent to year-end and are still developing.

Subsequent events have been evaluated through October 16, 2020, which is the date the financial statements were available to be issued. Subsequent events have not been evaluated past that date.

