

**The UWM Foundation, Inc.  
and Affiliates**

Milwaukee, Wisconsin

Consolidated Financial Statements and Supplementary  
Information

Years Ended June 30, 2018 and 2017

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants



## Independent Auditor's Report

Board of Directors  
The UWM Foundation, Inc. and Affiliates  
Milwaukee, Wisconsin

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The UWM Foundation, Inc. (a nonprofit organization) and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated 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; this includes 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.

### Auditor's 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. 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 auditor's 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.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The UWM Foundation, Inc. and Affiliates as of June 30, 2018 and 2017, 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.



**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 27 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

December 19, 2018

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Financial Position

June 30, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 5,412,565	\$ 10,474,931
Accrued investment income	390,924	204,704
Accounts receivable - Net	74,431	160,107
Current portion of pledges receivable	7,761,091	7,405,741
Property held for sale	180,611	-
Prepaid expenses and other	46,499	202,246
<b>Total current assets</b>	<b>13,866,121</b>	<b>18,447,729</b>
<b>Investments</b>	<b>157,618,943</b>	<b>129,331,981</b>
<b>Property and equipment - Net</b>	<b>74,312,871</b>	<b>76,701,292</b>
Other assets:		
Restricted cash and cash equivalents	26,643	21,563
Cash surrender value of life insurance	1,202,137	1,173,988
Split interest contributions receivable from charitable remainder trusts	27,734	23,448
Pledges receivable, less current portion - Net	8,443,513	8,793,738
<b>Total other assets</b>	<b>9,700,027</b>	<b>10,012,737</b>
<b>TOTAL ASSETS</b>	<b>\$ 255,497,962</b>	<b>\$ 234,493,739</b>

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Financial Position (Continued)

June 30, 2018 and 2017

Liabilities and Net Assets	2018	2017
Current liabilities:		
Current maturities of note payable	\$ 1,699,460	\$ 1,635,391
Due to the University of Wisconsin-Milwaukee	2,891,321	2,208,130
Amounts payable under fiscal agent responsibilities	195,840	454,400
Accounts payable	131,134	148,991
Accrued interest payable	677,473	690,694
Deferred revenue	115,285	91,957
Accrued liabilities	556,756	441,060
Total current liabilities	6,267,269	5,670,623
Long-term liabilities:		
Note payable, less current maturities - Net	81,270,814	82,940,193
Deferred revenue	872,743	1,010,912
Total long-term liabilities	82,143,557	83,951,105
Total liabilities	88,410,826	89,621,728
Net assets:		
Unrestricted	808,156	865,121
Temporarily restricted	145,968,212	123,952,169
Permanently restricted	20,310,768	20,054,721
Total net assets	167,087,136	144,872,011
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 255,497,962</b>	<b>\$ 234,493,739</b>

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
Contributions	\$ 1,219,623	\$ 30,520,001	\$ 242,464	\$ 31,982,088
Contributed goods and services	3,183,123	-	-	3,183,123
Rent, parking, and meals	5,758,561	-	-	5,758,561
Investment income	860,965	8,568,960	-	9,429,925
Net assets released from restrictions	17,059,335	(17,059,335)	-	-
<b>Total support and revenue</b>	<b>28,081,607</b>	<b>22,029,626</b>	<b>242,464</b>	<b>50,353,697</b>
<b>Distributions to the University of Wisconsin-Milwaukee:</b>				
Student financial aid	4,053,443	-	-	4,053,443
Teaching and departmental programs	4,808,706	-	-	4,808,706
Community service	39,893	-	-	39,893
Research	1,045,757	-	-	1,045,757
Special projects	4,436,723	-	-	4,436,723
<b>Total distributions</b>	<b>14,384,522</b>	<b>-</b>	<b>-</b>	<b>14,384,522</b>
<b>Expenses:</b>				
Program	8,090,065	-	-	8,090,065
General administration	2,111,749	-	-	2,111,749
Fundraising	3,552,236	-	-	3,552,236
<b>Total expenses</b>	<b>13,754,050</b>	<b>-</b>	<b>-</b>	<b>13,754,050</b>
Excess (deficiency) of support and revenue over distributions and expenses	(56,965)	22,029,626	242,464	22,215,125
<b>Other changes in net assets:</b>				
Net asset transfer for changes in donor designated restrictions	-	(13,583)	13,583	-
Change in net assets	(56,965)	22,016,043	256,047	22,215,125
Net assets at beginning of year	865,121	123,952,169	20,054,721	144,872,011
<b>Net assets at end of year</b>	<b>\$ 808,156</b>	<b>\$ 145,968,212</b>	<b>\$ 20,310,768</b>	<b>\$ 167,087,136</b>

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Activities (Continued)

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
Contributions	\$ 1,302,220	\$ 22,497,146	\$ 198,370	\$ 23,997,736
Contributed goods and services	3,143,032	-	-	3,143,032
Rent, parking, and meals	5,693,336	-	-	5,693,336
Investment income	1,239,104	10,202,285	-	11,441,389
Change in value of interest rate swap agreements	113,482	-	-	113,482
Loss on sale of land and building	(809,502)	-	-	(809,502)
Net assets released from restrictions	17,973,041	(17,973,041)	-	-
<b>Total support and revenue</b>	<b>28,654,713</b>	<b>14,726,390</b>	<b>198,370</b>	<b>43,579,473</b>
<b>Distributions to the University of Wisconsin-Milwaukee:</b>				
Student financial aid	3,499,210	-	-	3,499,210
Teaching and departmental programs	2,961,098	-	-	2,961,098
Community service	25,247	-	-	25,247
Research	587,262	-	-	587,262
Special projects	8,346,374	-	-	8,346,374
<b>Total distributions</b>	<b>15,419,191</b>	<b>-</b>	<b>-</b>	<b>15,419,191</b>
<b>Expenses:</b>				
Program	10,550,677	-	-	10,550,677
General administration	1,717,917	-	-	1,717,917
Fundraising	3,666,370	-	-	3,666,370
<b>Total expenses</b>	<b>15,934,964</b>	<b>-</b>	<b>-</b>	<b>15,934,964</b>
<b>Excess (deficiency) of support and revenue over distributions and expenses</b>	<b>(2,699,442)</b>	<b>14,726,390</b>	<b>198,370</b>	<b>12,225,318</b>
<b>Other changes in net assets:</b>				
Recharacterization of net assets	757,079	(757,079)	-	-
Net asset transfer for changes in donor designated restrictions	-	(14,490)	14,490	-
<b>Change in net assets</b>	<b>(1,942,363)</b>	<b>13,954,821</b>	<b>212,860</b>	<b>12,225,318</b>
<b>Net assets at beginning of year</b>	<b>2,807,484</b>	<b>109,997,348</b>	<b>19,841,861</b>	<b>132,646,693</b>
<b>Net assets at end of year</b>	<b>\$ 865,121</b>	<b>\$ 123,952,169</b>	<b>\$ 20,054,721</b>	<b>\$ 144,872,011</b>

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Cashflows

Years Ended June 30, 2018 and 2017

	2018	2017
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 22,215,125	\$ 12,225,318
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Bad debt recoveries	(34,054)	(230,167)
Depreciation and amortization	2,606,577	2,911,926
Loss on sale of land and building	-	809,502
Net realized and unrealized gain on investments	(6,406,914)	(8,806,983)
Donation of investments received	(1,183,770)	(951,415)
Donation of property and equipment received	(180,611)	-
Change in value of interest rate swap agreement	-	(113,482)
Change in value of split interest agreement	(4,286)	-
Amortization of debt issuance costs	264,930	264,930
Contributions restricted for long-term investment	(454,216)	(1,126,080)
Changes in operating assets and liabilities:		
Accrued investment income	(186,220)	(41,669)
Accounts receivable	119,730	767,859
Pledges receivable	(371,569)	1,244,396
Prepaid expenses and other	155,747	(30,494)
Due to/from the University of Wisconsin-Milwaukee	683,191	(1,546,923)
Deferred revenue	(114,841)	180,791
Accounts payable and accrued expenses	(173,942)	688,249
<b>Net cash provided by operating activities</b>	<b>16,934,877</b>	<b>6,245,758</b>
Cash flows from investing activities:		
Purchases of property and equipment	(453,005)	(486,717)
Proceeds from sale of fixed assets	-	159,495
(Increase) decrease in restricted cash and cash equivalents	(5,080)	48,681
Increase in cash surrender value of life insurance	(28,149)	(29,478)
Purchases of investments	(74,686,867)	(90,242,145)
Proceeds from sales of investments	53,990,589	74,449,861
<b>Net cash used in investing activities</b>	<b>(21,182,512)</b>	<b>(16,100,303)</b>



# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Cashflows (Continued)

Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from financing activities:		
Proceeds from contributions for permanent endowment	244,204	247,490
Proceeds from contributions for construction of building	576,456	794,596
Proceeds from debt issuance	-	17,478,461
Repayment on bonds and notes payable	(1,635,391)	(4,026,857)
Payment of bond issuance costs	-	(47,083)
Net cash (used in) provided by financing activities	(814,731)	14,446,607
Net (decrease) increase in cash and cash equivalents	(5,062,366)	4,592,062
Cash and cash equivalents at beginning of year	10,474,931	5,882,869
Cash and cash equivalents at end of year	\$ 5,412,565	\$ 10,474,931

### Supplemental disclosure of cash flow information:

Costs and liabilities financed or paid as part of debt refinancing:		
Refinance of bond and notes payable	\$ -	\$ 63,747,218
Loan fee costs	-	633,650
Interest rate swaps paid off	-	642,554
Accrued interest paid	-	5,447,909
Total costs and liabilities financed or paid as part of debt refinancing	\$ -	\$ 70,471,331
Cash paid during the year for interest	\$ 3,796,548	\$ 3,160,131

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

The UWM Foundation, Inc. (the "UWM Foundation") is a nonstock, nonprofit organization incorporated under the laws of the State of Wisconsin to aid the University of Wisconsin-Milwaukee (the "University") by soliciting, for the benefit of the University, gifts of real property, personal property, or both, from individuals, associations, corporations or other entities and to hold, administer, use, or distribute the same in the advancement of the scientific, literary, and educational purposes of the University.

The UWM Real Estate Foundation, Inc. (the "Real Estate Foundation") is a nonstock, nonprofit organization incorporated under the laws of the State of Wisconsin whose sole member is the UWM Foundation. The Real Estate Foundation is operated, supervised, and controlled by the UWM Foundation to accept, acquire, lease, hold, develop, operate, manage, sell, transfer, and otherwise deal in real estate for use and enjoyment by, in furtherance of the purposes of, and for the exclusive benefit of, The UWM Foundation and the University.

The UWM Research Foundation, Inc. (the "Research Foundation") is a nonstock, nonprofit organization incorporated under the laws of the State of Wisconsin whose sole member is the UWM Foundation. The primary purpose of the Research Foundation is to support research and innovation at the University by providing funding for scholarships and grants and by engaging in corporate partnering activities.

UWM Innovation Park, LLC ("Innovation Park") is a for-profit limited liability company created under the laws of the State of Wisconsin whose sole member is the Real Estate Foundation. Innovation Park was formed to acquire, develop, and manage specific property in Milwaukee County. The accounts of Innovation Park have been consolidated into the accounts of the Real Estate Foundation. All intercompany accounts and transactions have been eliminated in the consolidation.

Cambridge Commons, LLC is a nonprofit limited liability company created under the laws of the State of Wisconsin whose sole member is the Real Estate Foundation. Cambridge Commons, LLC was formed to acquire, develop, and manage specific property in Milwaukee County. The accounts of Cambridge Commons, LLC have been consolidated into the accounts of the Real Estate Foundation. All intercompany accounts and transactions have been eliminated in the consolidation.

Innovation Campus Owners Association, Inc. is a C-Corporation incorporated under the laws of the State of Wisconsin to serve as an association of owners for UWM Innovation Campus, a development located in the City of Wauwatosa, Wisconsin. The Real Estate Foundation is the controlling member of Innovation Campus Owners Association, Inc. The accounts of Innovation Campus Owners Association, Inc. have been consolidated into the accounts of the Real Estate Foundation. All intercompany accounts and transactions have been eliminated in the consolidation.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the UWM Foundation, the Real Estate Foundation, the Research Foundation, Innovation Park, Cambridge Commons, LLC, and Innovation Campus Owners Association, Inc. (collectively referred to as the "Foundation"). All intercompany accounts and transactions have been eliminated in the consolidation.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

#### Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

#### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the results of reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### Cash and Cash Equivalents

The Foundation considers all short-term investments purchased with an original maturity of three months or less to be cash or cash equivalents, excluding amounts whose use is restricted or held as short-term investments in the Foundation's investment portfolio.

#### Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of amounts held in separate accounts under the terms of the note agreement and were set aside to fund certain construction projects and to pay off debt service for the Real Estate Foundation. Amounts that are required for obligations classified as current liabilities are reported as current assets. The restricted cash and cash equivalents balance at June 30, 2018 and 2017 was \$26,643 and \$21,563, respectively.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Accounts Receivable

Accounts receivable are generally uncollateralized amounts due for dormitory room rentals to students. During the year ended June 30, 2018, payments on dormitory room rentals to students are collected by The University of Wisconsin-Milwaukee (the "University") and remitted to the Foundation. Payments of accounts receivable are allocated to the specific invoices identified on the student's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts receivable is reduced by allowances that reflect management's estimate of uncollectible amounts. Those allowances were \$104,800 and \$138,854 as of June 30, 2018 and 2017, respectively.

#### Pledges Receivable

Pledges are recorded as receivables in the year pledged. Pledges and other promises to give whose eventual uses are restricted by donors are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase to temporarily restricted net assets, and reclassified to unrestricted net assets when received. Management individually reviews all past due pledges receivable and estimates the portion, if any, of the balance that will not be collected. The carrying amount of the pledges receivable are reduced by allowances which reflect management's estimate of uncollectible amounts.

#### Property and Equipment

Property and equipment are recorded at cost and capitalized. The cost of these items, are charged to expense as depreciation computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 15 years for furniture and equipment and 10 to 40 years for buildings and improvements. The Foundation capitalizes interest during the construction period of major capital additions.

Property acquired with grant funds is owned by the Foundation while used in the programs for which it was purchased or in other future authorized programs. However, the funding source has a reversionary interest in assets purchased with grant funds. The disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

#### Cash Surrender Value of Life Insurance

Life insurance policies for which the Foundation is the beneficiary are reported at the cash surrender value of the policy. Changes in the cash surrender value are reported as investment income (loss) under the support and revenue category in temporarily restricted net assets.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Split Interest Agreements with Donors

The Foundation's split interest agreements with donors consist of irrevocable charitable remainder trusts for which the Foundation is the remainder beneficiary. Contribution revenue and a related contribution receivable is recognized at the date the trusts are established at an amount equal to the present value of the Foundation's remainder interest in the trust. The contribution receivable is adjusted during the term of the trust for changes in the estimated future benefits, and such changes are included as temporarily or permanently restricted revenue and support, as applicable. The split interest agreements are discounted at a rate of 6%.

#### Investments

Investments are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in unrestricted revenue and support unless the income or loss is restricted by donor or law.

The Foundation's investments are held in bank-administered trust funds. Management has granted the investment managers discretionary authority over investment decisions based on the Foundation's investment policy.

#### Allocation of Investment Income

Investments of the various funds are commingled for investment purposes and are available as needed to support the approved program expenditures of the respective fund categories. Investment income is allocated to certain restricted funds based on the adjusted balance determined on a market value basis of each component fund. Investment management and custody fees are charged against investment income allocated to unrestricted net assets.

The Foundation allocated a spending rate of 4.00% for 2018 and 2017, respectively, to certain endowment funds based upon a three-year average investment balance determined on a fair value basis. An endowment fund is created when a donor requires that their gift be invested in perpetuity. The gift is held in permanently restricted net assets. If the traditional yield (interest and dividends) is not adequate to support the spending rate, the balance is allocated from realized and unrealized gains on the investments and excess earnings from prior years. The spending rate is subject to investment performance and periodic review by the Foundation's board of directors.

Investment income, including realized and unrealized net gains and losses, on investments of endowment and similar funds are reported as one of the following:

- As increases in permanently restricted net assets if the terms of the gift or the Foundation's interpretation of relevant state law requires that they be added to the principal of a permanent endowment.
- As increases in temporarily restricted net assets.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Amounts Payable Under Fiscal Agent Responsibilities

In 2008, the Board of Regents of the University of Wisconsin System (the "UW System"), on behalf of the University, accepted a restricted pledge from the Daniel M. Soref Charitable Trust of \$1,731,740 to establish the Daniel M. Soref Learning Commons. The UWM Foundation is serving as the receiving and disbursing fiscal agent for the UW System. Outstanding amounts due under this arrangement totaled \$188,798 and \$377,208 at June 30, 2018 and 2017, respectively.

The Research Foundation is the fiscal agent for the Medical College of Wisconsin Healthier Wisconsin Partnership grant for the Institute for Urban Agriculture and Nutrition ("IUAN-HWPP"). The Research Foundation is the custodian of the funds and distributes these funds in accordance with the directions of IUAN-HWPP. Thus, The Research Foundation reports both an asset and a liability in the same amount for any undistributed funds for which it is the custodian. Outstanding amounts under this arrangement total \$2,200 at June 30, 2018 and 2017, respectively.

The Research Foundation is the fiscal agent for the Johnson Controls UWM Research Foundation Research Assistantship grant to a doctoral student attending the University. The Research Foundation is the custodian of the funds and distributes these funds in accordance with the directions of the University's College of Engineering and Applied Sciences. Thus, The Research Foundation reports both an asset and a liability in the same amount for any undistributed funds for which it is the custodian. Outstanding amounts under this arrangement total \$4,842 and \$74,992 at June 30, 2018 and 2017, respectively.

#### Fair Value Measurements

The Foundation measures the fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in estimating fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. 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.

#### Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift was deemed unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Contributions (Continued)

Donated goods and services are recorded as revenue and expense in the accompanying consolidated statements of activities at the estimated fair value. Only contributions of goods and services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills, and would typically need to be purchased if not provided by donation, are recognized.

#### Administrative Fee

The Foundation assesses an administrative fee to certain funds, at a rate of 1.89% for 2018 and 1.95% for 2017, based on the fair value of the applicable fund. Such a fee is deducted from the individual restricted endowment fund earnings and is intended to provide for the Foundation's operating costs and for a portion of certain development and fundraising programs. The fee is included in net assets released from restrictions. The administrative fee is reviewed annually by the Foundation's board of directors.

#### Revenue Recognition

Revenues for rent, parking, and meals charged to students of the University and under research agreements with third parties are recognized in the period earned. The Real Estate Foundation has received rental payments in advance from the University which are recognized on the straight-line basis over the term of the lease. Funds received but not earned as of June 30, 2018 and 2017, totaling \$988,028 and \$1,102,869, respectively, have been classified as deferred revenue on the consolidated statements of financial position. Revenues will be recognized in future periods as it is earned.

#### Tax Status

The UWM Foundation, the Research Foundation, and the Real Estate Foundation, are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. They are also exempt from state income taxes on related income.

Innovation Park, LLC and Cambridge Commons, LLC, are limited liability companies and are classified as disregarded entities under the Code.

Innovation Campus Owners Association, Inc. is taxed as a C-Corporation for federal and state income tax purposes. Management does not believe that Innovation Campus Owners Association, Inc. has any significant uncertain tax positions or unrecognized tax benefits, accordingly, they recorded no assets or liabilities related to uncertain related to uncertain tax positions.

#### Subsequent Events

Subsequent events have been evaluated through December 19, 2018, which is the date the consolidated financial statements were available to be issued.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 2: Pledges Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a rate based upon the average of the U.S. Treasury bond rate and the Foundation's borrowing rate. The discount rates used were 3.20% and 2.72% for the years ended June 30, 2018 and 2017, respectively.

The pledges receivable balance is expected to be collected according to the following schedule:

<i>As of June 30,</i>	2018	2017
Less than one year	\$ 7,761,091	\$ 7,405,741
One to five years	8,924,724	9,721,595
Thereafter	780,000	119,001
Gross pledges receivable	17,465,815	17,246,337
Less:		
Unamortized discount	760,672	599,953
Allowance for uncollectible amounts	500,539	446,905
Pledges receivable - Net	16,204,604	16,199,479
Less - Current portion	7,761,091	7,405,741
Pledges receivable, less current portion - Net	\$ 8,443,513	\$ 8,793,738

Of the pledge receivable balance, approximately 27% and 37% is due from two donors at June 30, 2018 and 2017, respectively.

### Note 3: Investments

Investments consist of the following:

<i>As of June 30,</i>	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 4,504,220	\$ 4,504,220	\$ 4,412,135	\$ 4,412,135
U.S. government obligations	27,868,821	27,591,920	14,674,014	14,611,958
Non-U.S. government bonds and fixed income mutual funds	26,327,821	25,717,784	22,920,701	23,056,740
Asset- and mortgaged-backed securities	11,261,973	10,899,803	13,207,309	13,066,224
Equities and equity mutual funds	61,463,045	88,905,216	54,209,139	74,184,924
Total investments	\$ 131,425,880	\$ 157,618,943	\$ 109,423,298	\$ 129,331,981



# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 3: Investments (Continued)

Investment income was as follows:

<i>Years Ended June 30,</i>	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 3,176,998	\$ 2,760,013
Net realized gains on investments	31,178	898,793
Net unrealized gains on investments	6,375,736	7,908,190
Investment trustee and management fees	(153,987)	(125,607)
<b>Total investment income</b>	<b>\$ 9,429,925</b>	<b>\$ 11,441,389</b>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

### Note 4: Property and Equipment

Property and equipment consisted of the following:

<i>As of June 30,</i>	<b>2018</b>	<b>2017</b>
Land and improvements	\$ 17,510,977	\$ 17,510,977
Buildings and improvements	78,555,152	78,165,297
Furniture and equipment	4,736,238	4,673,088
<b>Total property and equipment</b>	<b>100,802,367</b>	<b>100,349,362</b>
Less - Accumulated depreciation	(26,489,496)	(23,648,070)
<b>Property and equipment - Net</b>	<b>\$ 74,312,871</b>	<b>\$ 76,701,292</b>

Included in furniture and equipment as of June 30, 2018 and 2017 is \$486,741, respectively, of capitalized artwork. The artwork does not meet the criteria for classification as a collection as it is not held for public exhibition, education, or research in furtherance of public service. The artwork is not depreciated; instead it is reviewed periodically for impairment, with the carrying value of the artwork adjusted for any impairment losses. There were no impairments recorded for the years ended June 30, 2018 and 2017.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 5: Note Payable

The Foundation has the following bonds and notes payable:

<i>As of June 30,</i>	<b>2018</b>	<b>2017</b>
Promissory note to Wells Fargo Bank Northwest	\$ 83,811,005	\$ 85,446,396
Less:		
Current portion	1,699,460	1,635,391
Unamortized debt issuance costs	840,731	870,812
Long-term portion	\$ 81,270,814	\$ 82,940,193

The Real Estate Foundation has a promissory note with Wells Fargo Bank Northwest. The promissory note is payable in 60 semi-annual installments of \$1,251,802 plus interest at 3.88% and matures April 18, 2046. The promissory note is secured by mortgages on properties, a security agreement, assignment of leases and rents from properties owned by Cambridge Commons, LLC, and a lien on debt service reserve funds. Under the terms of the security agreement, Cambridge Commons, LLC will lease two student dormitory facilities to the State of Wisconsin. Semi-annual rents of \$2,470,000 are due from the State of Wisconsin Department of Administration through June of 2046 and are to be used to meet the semi-annual principal and interest payment requirements of the promissory note.

Debt issuance costs related to the issuance of long-term debt are amortized using the straight-line method over the life of the related debt.

Scheduled payments of principal on bonds and notes payable at June 30, 2018, are as follows:

<i>Years Ending June 30,</i>	
2019	\$ 1,699,460
2020	1,766,038
2021	1,835,225
2022	1,907,122
2023	1,981,836
Thereafter	74,621,324
Total maturities	\$ 83,811,005

Interest expense including amortization of debt issuance costs for the years ending June 30, 2018 and 2017 was \$3,316,469 and \$3,682,352, respectively.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 6: Defined Contribution Retirement Plan

The Foundation has a defined contribution retirement plan covering all full-time and permanent part-time employees. The Foundation contributes an amount equal to a certain percentage of each employee's gross pay to the plan. The Foundation's contributions to the retirement plan totaled \$100,030 and \$92,532 for the years ended June 30, 2018 and 2017, respectively.

### Note 7: Concentrations

The Foundation maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. At times, deposits may exceed FDIC insurance limits. Management has not experienced any losses with these accounts and management believes the Foundation is not exposed to any significant risk on cash.

### Note 8: Temporarily and Permanently Restricted Net Assets

Donor restrictions of temporarily restricted net assets are summarized as follows:

<i>As of June 30,</i>	<b>2018</b>	<b>2017</b>
Teaching and departmental programs	\$ 60,799,528	\$ 52,665,495
Research	16,084,251	13,426,217
Scholarship/fellowship	34,851,559	32,240,104
Community service	879,328	845,745
Special projects	33,353,546	24,774,608
<b>Temporarily restricted net assets</b>	<b>\$ 145,968,212</b>	<b>\$ 123,952,169</b>

Transfers made for changes in donor designations between permanently restricted net assets and temporarily restricted net assets were \$13,583 and \$14,490 for the fiscal years 2018 and 2017, respectively.

Donor restrictions of permanently restricted net assets are summarized as follows:

<i>As of June 30,</i>	<b>2018</b>	<b>2017</b>
Teaching and departmental programs	\$ 7,619,305	\$ 7,666,242
Research	157,379	157,379
Scholarship/fellowship	11,328,240	11,065,970
Community service	98,949	60,594
Special projects	1,106,895	1,104,536
<b>Permanently restricted net assets</b>	<b>\$ 20,310,768</b>	<b>\$ 20,054,721</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 8: Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets are comprised of the following:

<i>As of June 30,</i>	2018	2017
Investments	\$ 20,273,034	\$ 20,019,533
Pledges receivable	10,000	11,740
Split interest agreements	27,734	23,448
Permanently restricted net assets	\$ 20,310,768	\$ 20,054,721

### Note 9: Endowments

The Foundation's endowments consist of various funds established to benefit the Foundation for a variety of purposes. Donor-restricted net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring the Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Foundation, and (g) the Foundation's investment policies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to preserve the purchasing power of the endowment assets. Under the Foundation's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and the Foundation's objectives.

To achieve its investment goals, the Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Foundation's asset allocations include a blend of equity and debt securities and cash equivalents.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 9: Endowments (Continued)

#### Donor-Designated Endowment

The Foundation has received several gifts in which the donors have stipulated that the gift be invested and maintained permanently to generate annual income for fulfilling the Foundation's mission. The donor-designated endowment investments are maintained in bank-administered trust funds and the Foundation has granted the investment managers discretionary authority over investment decisions based on the Foundation's investment policy. For endowment funds with no spending instructions, the Foundation determines the income available for distribution using the total return method. Distributions are made annually, which are approximately 4.00% to 4.25% of the average market value of the related endowment investments over a three year period.

Endowment net assets consisted of the following:

<i>As of June 30, 2018</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 6,371,051	\$ 20,310,768	\$ 26,681,819

<i>As of June 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 6,126,455	\$ 20,054,721	\$ 26,181,176

Changes in the endowment net assets were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments at July 1, 2016	\$ -	\$ 4,964,837	\$ 19,841,861	\$ 24,806,698
Contributions	-	45,888	198,370	244,258
Interest and dividend income	-	560,591	-	560,591
Net appreciation	-	1,751,801	-	1,751,801
Changes in donor restrictions	-	(14,490)	14,490	-
Appropriation for expenditures	-	(1,182,172)	-	(1,182,172)
Endowments at June 30, 2017	-	6,126,455	20,054,721	26,181,176
Contributions	-	30,277	242,464	272,741
Interest and dividend income	-	520,040	-	520,040
Net appreciation	-	1,177,798	-	1,177,798
Changes in donor restrictions	-	(13,583)	13,583	-
Appropriation for expenditures	-	(1,469,936)	-	(1,469,936)
Endowment at June 30, 2018	\$ -	\$ 6,371,051	\$ 20,310,768	\$ 26,681,819

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 10: Contingent Fee Arrangement

The Research Foundation and a law firm entered into an alternative fee arrangement. The Research Foundation will receive a 10% discount on legal services provided by the law firm. The law firm will receive a percentage of revenue derived from licensing and technology ventures started prior to January 1, 2015.

At June 30, 2018 and 2017, a liability for future payments was not recognized as payments to the law firm are contingent on receiving future cash flows from successful ventures.

### Note 11: Fair Value Measurements

Following is a description of the valuation methodology used for each asset and liability measured at fair value on a recurring basis:

- Money market funds are measured using \$1 as the net asset value ("NAV")
- State, municipal, domestic and foreign bonds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Fixed income and equity mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.
- Asset- and mortgage-backed securities and U.S. Treasury bonds and notes are valued using quotes from pricing vendor based on recent trading activity and other observable market data.
- Common and preferred stock and exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.
- Limited partnership interests are valued based on estimates and valuations provided by investment managers, which use pricing models and other unobservable inputs to value the investments.
- Privately held stock is valued using a discounted cash flow method.
- Pledges receivable are valued at the present value of estimated future cash flows.
- Split interest agreements are valued based on the market value of the underlying assets, consisting mainly of equity securities and fixed income securities which are valued based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 11: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis is as follows:

<i>As of June 30, 2018</i>	<u>Fair Value Measurements Using</u>			<u>Total Assets</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>at Fair Value</u>
Investments:				
Money market funds	\$ -	\$ 4,504,220	\$ -	\$ 4,504,220
Fixed income mutual funds				
Short-term bond funds	48,156	-	-	48,156
Intermediate-term bond funds	6,241,571	-	-	6,241,571
Fixed income securities				
Asset- and mortgage-backed securities	10,899,803	-	-	10,899,803
U.S. Treasury bonds and notes	27,591,920	-	-	27,591,920
Domestic corporate bonds	-	15,538,037	-	15,538,037
Foreign bonds	-	3,890,020	-	3,890,020
Equity mutual funds:				
Foreign large blend funds	19,773,510	-	-	19,773,510
Small-cap blend funds	17,520,968	-	-	17,520,968
Mid-cap blend funds	17,237,553	-	-	17,237,553
Large blend funds	31,028,636	-	-	31,028,636
Diversified emerging markets	8,110	-	-	8,110
Exchange-traded funds	1,466,670	-	-	1,466,670
Common and preferred stocks	1,548,408	-	-	1,548,408
Privately held stock	-	-	97,049	97,049
Limited partnership interests	-	-	224,312	224,312
<b>Total investments</b>	<b>133,365,305</b>	<b>23,932,277</b>	<b>321,361</b>	<b>157,618,943</b>
Pledges receivable	-	16,204,604	-	16,204,604
Split interest contributions receivable from charitable remainder trusts	-	27,734	-	27,734
<b>Total assets at fair value</b>	<b>\$ 133,365,305</b>	<b>\$ 40,164,615</b>	<b>\$ 321,361</b>	<b>\$ 173,851,281</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 11: Fair Value Measurements (Continued)

<i>As of June 30, 2017</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ -	\$ 4,412,135	\$ -	\$ 4,412,135
Fixed income mutual funds				
Short-term bond funds	1,270,337	-	-	1,270,337
Inflation-protected bond funds	6,097,758	-	-	6,097,758
Fixed income securities				
Asset- and mortgage-backed securities	13,066,224	-	-	13,066,224
U.S. Treasury bonds and notes	14,611,958	-	-	14,611,958
Domestic corporate bonds	-	12,793,433	-	12,793,433
Foreign bonds	-	2,895,212	-	2,895,212
Equity mutual funds:				
Foreign large blend funds	16,970,186	-	-	16,970,186
Small-cap blend funds	11,612,594	-	-	11,612,594
Mid-cap blend funds	14,463,602	-	-	14,463,602
Large blend funds	25,577,773	-	-	25,577,773
Small-cap growth funds	2,547,340	-	-	2,547,340
Exchange-traded funds	1,398,860	-	-	1,398,860
Common and preferred stocks	1,295,288	-	-	1,295,288
Privately held stock	-	-	103,968	103,968
Limited partnership interests	-	-	215,313	215,313
<b>Total investments</b>	<b>108,911,920</b>	<b>20,100,780</b>	<b>319,281</b>	<b>129,331,981</b>
Pledges receivable	-	16,199,479	-	16,199,479
Split interest contributions receivable from charitable remainder trusts	-	23,448	-	23,448
<b>Total assets at fair value</b>	<b>\$ 108,911,920</b>	<b>\$ 36,323,707</b>	<b>\$ 319,281</b>	<b>\$ 145,554,908</b>



# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 11: Fair Value Measurements (Continued)

Changes in fair value of the Foundation's Level 3 assets are as follows:

	Privately Held Stock	Limited Partnership Interests
Balance, July 1, 2016	\$ 103,968	\$ 151,389
Unrealized gain	7,009	47,577
Sale of stock	(7,009)	-
Purchases	-	16,347
<hr/>		
Balance, June 30, 2017	103,968	215,313
Unrealized gain	252	8,999
Sale of stock	(7,171)	-
Purchases	-	-
<hr/>		
Balance, June 30, 2018	\$ 97,049	\$ 224,312

### Note 12: Related Parties

Program support from the Foundation to the University of \$14,384,522 and \$15,419,191 for the years ended June 30, 2018 and 2017, respectively, included \$8,192,027 and \$8,015,362, respectively, of restricted program support expenses incurred directly by the University and reimbursed by the Foundation based on the specified purpose of the related restricted funds. At June 30, 2018 and 2017, expenses incurred by the University which have not yet been reimbursed by the Foundation were \$2,891,321 and \$2,208,130, respectively.

The University rents property from the Real Estate Foundation under an operating lease. Monthly rents, including operating costs and other fees, range from \$35,279 and \$86,999 through March 2044. In November 2014, the University paid \$1,000,000 to the Real Estate Foundation in advance rent to cover buildout costs. The Real Estate Foundation is recognizing this advance rent on the straight-line basis over the term of the lease agreement. Deferred revenues under this lease total \$818,182 and \$870,130 at June 30, 2018 and 2017, respectively, and are included in accrued liabilities in the accompanying consolidated statements of financial position.

The University employs certain personnel who are involved in development activities from which both the University and the Foundation benefit. The compensation expense related to the development activities for these individuals of \$2,889,980 and \$2,972,343 has been included in contributed goods and service revenue and fundraising expense in the Foundation's consolidated financial statements for the years ended June 30, 2018 and 2017, respectively. In addition, the Foundation has recorded \$293,143 and \$170,689 for the donation of goods which were used by these employees in performance of these services for the years ended June 30, 2018 and 2017, respectively.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 13: Leases

The Real Estate Foundation leases office space to not-for-profit companies under noncancelable operating leases. Monthly rents range from \$2,686 to \$46,848. Total rental income under these leases was \$755,567 and \$639,940 for the years ended June 30, 2018 and 2017, respectively. Future minimum rental revenues under noncancelable operating leases, including the lease agreement with the State of Wisconsin Department of Administration discussed in Note 5, are as follows:

<i>Years Ending June 30,</i>	<b>Cambridge and Riverview Residence Halls</b>	<b>Innovation Accelerator</b>	<b>Total</b>
2019	\$ 4,940,000	\$ 991,954	\$ 5,931,954
2020	4,940,000	613,820	5,553,820
2021	4,940,000	629,175	5,569,175
2022	4,940,000	644,986	5,584,986
2023	4,940,000	661,267	5,601,267
Thereafter	113,620,000	7,845,357	121,465,357
<b>Totals</b>	<b>\$ 138,320,000</b>	<b>\$ 11,386,559</b>	<b>\$ 149,706,559</b>

### Note 14: Reclassification

A certain reclassification has been made to Note 4 for the 2017 financial statements to conform to the 2018 presentation. This reclassification did not affect the change in net assets for the year ended June 30, 2017.

## **Supplementary Information**

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# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Financial Position

June 30, 2018

Assets	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	Eliminations	Total Consolidated
Current assets:					
Cash and cash equivalents	\$ 1,504,999	\$ 3,822,114	\$ 85,452	\$ -	\$ 5,412,565
Due from affiliates	4,360	-	-	(4,360)	-
Accrued investment income	390,924	-	-	-	390,924
Accounts receivable - Net	6,273	68,158	-	-	74,431
Current portion of pledges receivable	7,265,257	262,500	233,334	-	7,761,091
Property held for sale	180,611	-	-	-	180,611
Prepaid expenses and other	18,010	24,257	4,232	-	46,499
<b>Total current assets</b>	<b>9,370,434</b>	<b>4,177,029</b>	<b>323,018</b>	<b>(4,360)</b>	<b>13,866,121</b>
<b>Investments</b>	<b>157,618,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,618,943</b>
<b>Property and equipment - Net</b>	<b>459,364</b>	<b>73,844,903</b>	<b>8,604</b>	<b>-</b>	<b>74,312,871</b>
Other assets:					
Interest in investments held by UWM Foundation	-	10,911,490	3,207,766	(14,119,256)	-
Restricted cash and cash equivalents	-	26,643	-	-	26,643
Cash surrender value of life insurance	1,202,137	-	-	-	1,202,137
Split interest contributions receivable from charitable remainder trusts	27,734	-	-	-	27,734
Pledges receivable, less current portion - Net	8,423,969	21,131	(1,587)	-	8,443,513
Due from affiliates	3,300,799	-	-	(3,300,799)	-
Note receivable	6,000,000	-	-	(6,000,000)	-
<b>Total other assets</b>	<b>18,954,639</b>	<b>10,959,264</b>	<b>3,206,179</b>	<b>(23,420,055)</b>	<b>9,700,027</b>
<b>TOTAL ASSETS</b>	<b>\$ 186,403,380</b>	<b>\$ 88,981,196</b>	<b>\$ 3,537,801</b>	<b>\$ (23,424,415)</b>	<b>\$ 255,497,962</b>

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Financial Position (Continued)

June 30, 2018

Liabilities and Net Assets (Deficit)	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	Eliminations	Total Consolidated
Current liabilities:					
Current maturities of					
note payable	\$ -	\$ 1,699,460	\$ -	\$ -	\$ 1,699,460
Due to affiliates	-	4,360	-	(4,360)	-
Due to the University of Wisconsin-Milwaukee	2,807,796	-	83,525	-	2,891,321
Amounts payable under fiscal					
agent responsibilities	188,798	-	7,042	-	195,840
Accounts payable	67,747	55,270	8,117	-	131,134
Accrued interest payable	-	677,473	-	-	677,473
Deferred revenue	-	115,285	-	-	115,285
Accrued liabilities	396,156	154,600	6,000	-	556,756
<b>Total current liabilities</b>	<b>3,460,497</b>	<b>2,706,448</b>	<b>104,684</b>	<b>(4,360)</b>	<b>6,267,269</b>
Long-term liabilities:					
Due to affiliates	14,119,256	1,972,812	-	(16,092,068)	-
Accrued interest payable	-	1,327,987	-	(1,327,987)	-
Note payable, less current maturities - Net	-	87,270,814	-	(6,000,000)	81,270,814
Deferred revenue	-	872,743	-	-	872,743
<b>Total long-term liabilities</b>	<b>14,119,256</b>	<b>91,444,356</b>	<b>-</b>	<b>(23,420,055)</b>	<b>82,143,557</b>
<b>Total liabilities</b>	<b>17,579,753</b>	<b>94,150,804</b>	<b>104,684</b>	<b>(23,424,415)</b>	<b>88,410,826</b>
Net assets (deficit):					
Unrestricted	4,637,348	(5,470,659)	1,641,467	-	808,156
Temporarily restricted	143,875,511	301,051	1,791,650	-	145,968,212
Permanently restricted	20,310,768	-	-	-	20,310,768
<b>Total net assets (deficit)</b>	<b>168,823,627</b>	<b>(5,169,608)</b>	<b>3,433,117</b>	<b>-</b>	<b>167,087,136</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 186,403,380</b>	<b>\$ 88,981,196</b>	<b>\$ 3,537,801</b>	<b>\$ (23,424,415)</b>	<b>\$ 255,497,962</b>

See independent auditor's report.

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Activities

Year Ended June 30, 2018

	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	Eliminations	Total Consolidated
<b>Unrestricted net assets (deficit):</b>					
Support and revenue:					
Contributions	\$ 198,543	\$ 120,010	\$ 901,070	\$ -	\$ 1,219,623
Contributed goods and services	3,183,123	-	-	-	3,183,123
Rent, parking, and meals	20,000	5,738,561	-	-	5,758,561
Investment income	619,859	734,378	3,667	(496,939)	860,965
Net assets released from restrictions	16,155,199	518,534	385,602	-	17,059,335
<b>Total support and revenue</b>	<b>20,176,724</b>	<b>7,111,483</b>	<b>1,290,339</b>	<b>(496,939)</b>	<b>28,081,607</b>
Distributions to the University of Wisconsin-Milwaukee:					
Student financial aid	4,053,443	-	-	-	4,053,443
Teaching and departmental programs	4,808,706	-	-	-	4,808,706
Community service	39,893	-	-	-	39,893
Research	1,045,757	-	-	-	1,045,757
Special projects	4,436,723	-	-	-	4,436,723
<b>Total distributions</b>	<b>14,384,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,384,522</b>
Expenses:					
Program	84,895	7,220,585	1,281,524	(496,939)	8,090,065
General administration	1,862,815	232,834	16,100	-	2,111,749
Fundraising	3,552,236	-	-	-	3,552,236
<b>Total expenses</b>	<b>5,499,946</b>	<b>7,453,419</b>	<b>1,297,624</b>	<b>(496,939)</b>	<b>13,754,050</b>
Change in unrestricted net assets	292,256	(341,936)	(7,285)	-	(56,965)
Unrestricted net assets (deficit) at beginning of year	\$ 4,345,092	\$ (5,128,723)	\$ 1,648,752	-	865,121
Unrestricted net assets (deficit) at end of year	\$ 4,637,348	\$ (5,470,659)	\$ 1,641,467	\$ -	\$ 808,156

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Activities (Continued)

Year Ended June 30, 2018

	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	Eliminations	Total Consolidated
<b>Temporarily restricted net assets:</b>					
Contributions	\$ 30,330,357	\$ 91,742	\$ 97,902	\$ -	\$ 30,520,001
Investment income	8,458,902	-	110,058	-	8,568,960
Net assets released from restrictions	(16,155,199)	(518,534)	(385,602)	-	(17,059,335)
Net asset transfer for changes in donor designated restrictions	(13,583)	-	-	-	(13,583)
Change in temporarily restricted net assets	22,620,477	(426,792)	(177,642)	-	22,016,043
Temporarily restricted net assets at beginning of year	\$ 121,255,034	\$ 727,843	\$ 1,969,292	-	123,952,169
Temporarily restricted net assets at end of year	\$ 143,875,511	\$ 301,051	\$ 1,791,650	\$ -	\$ 145,968,212
<b>Permanently restricted net assets:</b>					
Contributions	\$ 242,464	\$ -	\$ -	\$ -	\$ 242,464
Net asset transfer for changes in donor designated restrictions	13,583	-	-	-	13,583
Change in permanently restricted net assets	256,047	-	-	-	256,047
Permanently restricted net assets at beginning of year	\$ 20,054,721	-	-	-	20,054,721
Permanently restricted net assets at end of year	\$ 20,310,768	\$ -	\$ -	\$ -	\$ 20,310,768

See independent auditor's report.