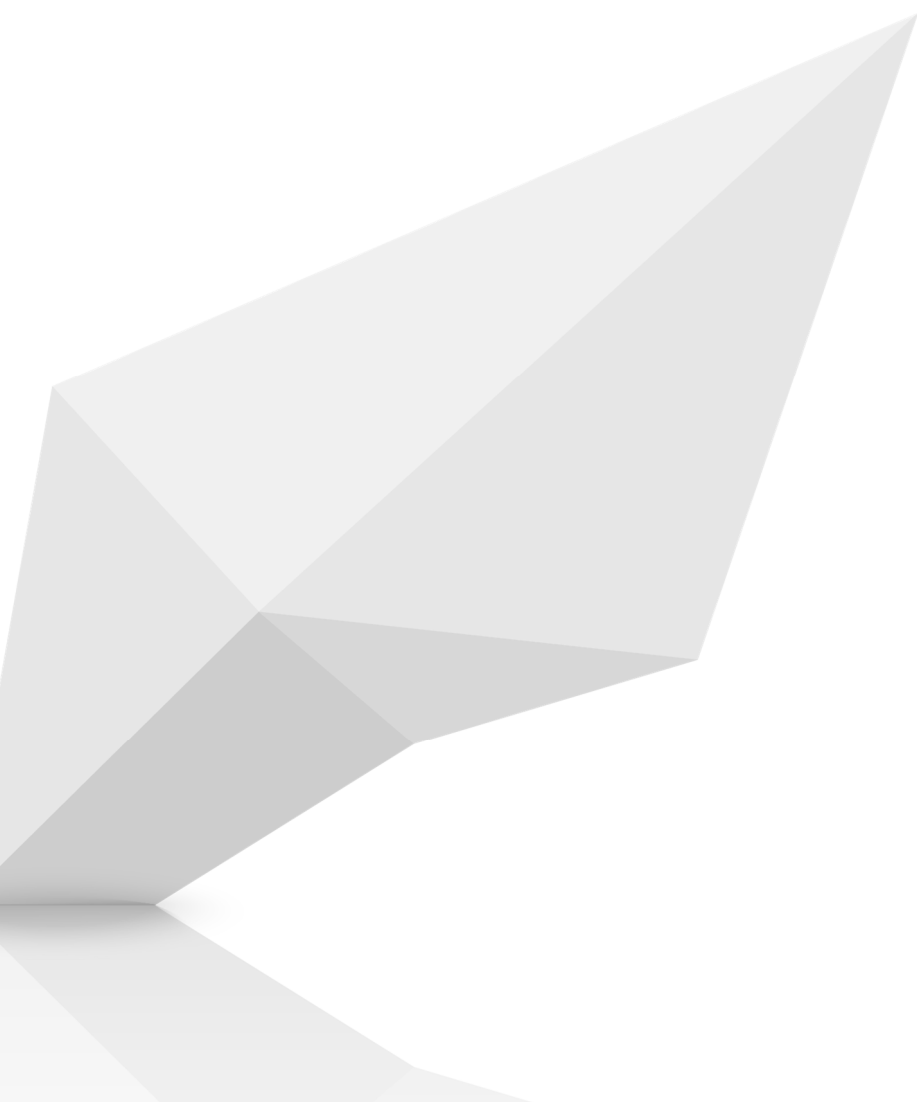


# The UWM Foundation, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2022 and 2021



**WIPFLI**

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the accompanying consolidated financial statements (the "financial statements") of The UWM Foundation, Inc. and Affiliates (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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, 2022 and 2021, and the changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

#### *Correction of Error*

As discussed in Note 22 to the financial statements, certain errors resulting in an understatement of net assets with restrictions and an overstatement of net assets without restrictions previously reported were discovered by management of The UWM Foundation, Inc. and Affiliates. Accordingly, amounts reported for net assets with and without restrictions have been restated in the 2021 financial statements to correct the error. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The UWM Foundation, Inc. and Affiliates's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The UWM Foundation, Inc. and Affiliates's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The UWM Foundation, Inc. and Affiliates's ability to continue as a going concern for a reasonable period of time.

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

### ***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 40 through 43, 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 audits of the 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 GAAS. 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 7, 2022

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Financial Position

June 30, 2022 and 2021

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

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Financial Position (Continued)

June 30, 2022 and 2021

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

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Activities

Year Ended June 30, 2022

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

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Activities (Continued)

Year Ended June 30, 2021

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

See accompanying notes to consolidated financial statements.



# The UWM Foundation, Inc. and Affiliates

## Statements of Funtional Expenses

Year Ended June 30, 2022

	Program				Supporting Services				Total
	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	The UWM Alumni Association, Inc.	General Administrative	Direct Fundraising	Development Services		
Grants/Assistance to organizations	\$ -	\$ -	\$ 393,378	\$ -	\$ 393,378	\$ -	\$ -	\$ -	\$ 393,378
Salaries and wages	196,890	186,345	638,379	240,139	1,261,753	946,919	19,981	2,445,369	4,674,022
Payroll taxes and fringe benefits	127,557	74,538	130,576	112,099	444,770	566,856	1,529	893,614	1,906,768
Distributions	19,870,933	-	-	-	19,870,933	-	-	-	19,870,933
Legal, accounting, and other professional fees	13,409	24,622	62,178	-	100,209	135,225	42,097	-	277,531
Advertising and promotion	-	-	12,671	21,916	34,587	61,338	-	-	95,925
Office expenses	5,571	20,432	15,195	4,606	45,804	19,762	-	-	65,566
Information technology	-	-	32,013	-	32,013	19,599	-	-	51,612
Occupancy	36,700	451,415	14,915	-	503,030	123,279	-	6,800	633,109
Travel	-	-	1,064	613	1,677	227	-	-	1,904
Conferences, conventions, meetings	315	-	4,290	60,187	64,792	39,791	-	-	104,583
Interest	-	3,042,241	-	-	3,042,241	-	-	-	3,042,241
Depreciation and amortization	8,503	2,417,676	2,510	-	2,428,689	33,215	-	-	2,461,904
Insurance	5,112	15,346	12,284	-	32,742	15,335	-	-	48,077
All other expense	-	16,885	17,252	35,594	69,731	338,952	1,144,681	23,601	1,576,965
<b>Totals</b>	<b>\$ 20,264,990</b>	<b>\$ 6,249,500</b>	<b>\$ 1,336,705</b>	<b>\$ 475,154</b>	<b>\$ 28,326,349</b>	<b>\$ 2,300,497</b>	<b>\$ 1,208,288</b>	<b>\$ 3,369,384</b>	<b>\$ 35,204,518</b>

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Statements of Funtional Expenses (Continued)

Year Ended June 30, 2021

	Program				Supporting Services			
	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	Total	General Administrative	Direct Fundraising	Development Services	Total
Grants/Assistance to organizations	\$ -	\$ -	\$ 303,229	\$ 303,229	\$ -	\$ -	\$ -	\$ 303,229
Salaries and wages	171,762	169,078	577,156	917,996	515,287	23,320	2,126,948	3,583,551
Payroll taxes and fringe benefits	121,214	85,331	156,314	362,859	408,457	1,714	829,510	1,602,540
Distributions	17,818,977	-	-	17,818,977	-	-	-	17,818,977
Legal, accounting, and other professional fees	27,998	7,730	81,945	117,673	75,118	150,055	-	342,846
Advertising and promotion	-	-	7,342	7,342	-	-	-	7,342
Office expenses	4,231	13,935	14,647	32,813	12,693	-	-	45,506
Information technology	-	-	30,857	30,857	12,756	-	-	43,613
Occupancy	33,607	460,436	14,920	508,963	102,382	-	-	611,345
Travel	-	-	(841)	(841)	-	-	-	(841)
Conferences, conventions, meetings	(275)	-	5,393	5,118	2,015	38,473	-	45,606
Interest	-	3,114,721	-	3,114,721	-	-	-	3,114,721
Depreciation and amortization	9,164	2,500,209	2,297	2,511,670	35,198	-	-	2,546,868
Insurance	1,872	14,484	12,284	28,640	5,615	-	-	34,255
All other expense	-	24,354	20,404	44,758	172,415	643,058	-	860,231
<b>Totals</b>	<b>\$ 18,188,551</b>	<b>\$ 6,390,278</b>	<b>\$ 1,225,947</b>	<b>\$ 25,804,776</b>	<b>\$ 1,341,936</b>	<b>\$ 856,620</b>	<b>\$ 2,956,458</b>	<b>\$ 30,959,789</b>

See accompanying notes to consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Cashflows

Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (24,897,457)	\$ 36,663,184
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	-	(17,659)
Depreciation and amortization	2,461,904	2,546,868
Net realized and unrealized loss (gain) on investments	31,309,422	(35,930,673)
Donation of investments received	(1,122,797)	(1,824,749)
Change in value of split interest agreement	(16,783)	(28,589)
Amortization of debt issuance costs	29,780	29,780
Contributions restricted for long-term investment	(670,974)	(246,763)
Loss on sale or disposal of property and equipment	2,983,350	-
Contributions from reincorporation of UWM Alumni Association	(2,753,735)	-
Distributions of assets related to transfer of controlling interest in Innovation Campus Owner's Association	2,366,586	-
Changes in operating assets and liabilities, exclusive of net assets acquired from UWM Alumni Association:		
Accrued investment income	(115,671)	80,428
Accounts receivable	(295,260)	(8,571)
Grant receivable	-	600,000
Promises to give	5,396,328	4,723,846
Unamortized discount on promises to give	(160,000)	(130,000)
Allowance on promises to give	409,894	(199,060)
Prepaid expenses and other	70,541	54,421
Due to/from the University of Wisconsin-Milwaukee	(1,239,148)	(189,735)
Deferred revenue	362,419	934,448
Refundable Advance - SBA Paycheck Protection Program	(68,018)	(140,817)
Accounts payable and accrued expenses	290,823	40,988
<b>Net cash provided by operating activities</b>	<b>14,341,204</b>	<b>6,957,347</b>
Cash flows from investing activities:		
Purchases of property and equipment	(23,685)	(23,660)
Proceeds from sale of property and equipment	5,082,500	-
Increase in cash surrender value of life insurance	(28,776)	(11,454)
Purchases of investments	(43,224,945)	(17,884,453)
Proceeds from sales of investments	23,697,023	15,520,666
<b>Net cash used in investing activities</b>	<b>(14,497,883)</b>	<b>(2,398,901)</b>

# The UWM Foundation, Inc. and Affiliates

## Consolidated Statements of Cashflows (Continued)

Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from financing activities:		
Proceeds from contributions for endowment to be held in perpetuity	(675,974) \$	(269,863)
Repayment on bonds and notes payable	(1,907,122)	(1,835,226)
<b>Net cash used in financing activities</b>	<b>(2,583,096)</b>	<b>(2,105,089)</b>
Net (decrease) increase in cash and cash equivalents and restricted cash and cash equivalents	(2,739,775)	2,453,357
Cash and cash equivalents and restricted cash and cash equivalents at beginning of year	8,271,438	5,818,081
Cash and cash equivalents and restricted cash and cash equivalents at end of year	\$ 5,531,663	\$ 8,271,438

### Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$ 3,028,047	\$ 3,099,776
Cash and cash equivalents	\$ 1,810,921	\$ 4,552,512
Restricted cash and cash equivalents	3,720,742	3,718,926
<b>Total cash and cash equivalents and restricted cash and cash equivalents</b>	<b>\$ 5,531,663</b>	<b>\$ 8,271,438</b>

### Supplemental Disclosure of Cash Flow Information:

Noncash contribution revenue - see Note 31	\$ 2,983,350	\$ -
Noncash distribution expense - see Note 5	\$ 2,366,586	\$ -

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. ("ICOA") is a for-profit 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. For the fiscal year ended June 20, 2021, the Real Estate Foundation was the controlling member of ICOA and therefore the accounts of ICOA have been consolidated into the accounts of the Real Estate Foundation for the year then ended. All intercompany accounts and transactions have been eliminated in the consolidation for the year ended June 30, 2021. In March 2022, the Real Estate Foundation sold the land previously owned and are no longer the controlling member of the entity. Activity prior to the sale is consolidated into the accounts of the Real Estate Foundation for the year ended June 30, 2022.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Nature of Activities (Continued)

Effective July 1, 2021, UWM Foundation reincorporated the the assets, liabilities, and operations of the University of Wisconsin-Milwaukee Alumni Association, Inc. (the "Alumni Association") and is the sole member of the new organization. The Alumni Association is a nonstock, nonprofit organization incorporated under the laws of the State of Wisconsin whose sole member is the UWM Foundation. The purpose of the Alumni Association is to sponsor activities for alumni and keep alumni informed of the University's activities.

#### 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, Innovation Campus Owners Association, Inc., and the Alumni Association (collectively referred to as the "Foundation"). All intercompany accounts and transactions have been eliminated in the consolidation.

#### New Accounting Principle

##### *Contributed Nonfinancial Assets*

In 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of contributed nonfinancial assets recognized:
  - a. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a not-for-profit entity will disclose a description of the programs or other activities in which those nonfinancial assets were used.
  - b. The not-for-profit entity's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
  - c. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
  - d. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.
  - e. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### New Accounting Principle (Continued)

The Foundation adopted this guidance as of July 1, 2021 on a modified retrospective basis. To conform to the requirements of ASU No. 2020-07, amounts related to contributed nonfinancial assets totaling \$2,956,458, previously included in contributed goods and services in the statements of activities, have been reclassified to and reported as contributions of nonfinancial assets for the year ended June 30, 2021. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

#### Basis of Presentation

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

#### Classification of Net Assets

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

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions, funds to be held for certain purposes.

**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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

#### 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.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### **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 necessary maintenance and repairs 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, 2022 and 2021 was \$3,720,742 and \$3,718,926, respectively.

#### **Accounts Receivable**

Accounts receivable are generally uncollateralized amounts due for dormitory room rentals to students. 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 \$12,896 and \$40,266 as of June 30, 2022 and 2021, respectively.

#### **Promises to Give**

Promises to give are recorded as receivables in the year pledged. Promises to give whose eventual uses are restricted by donors are recorded as increases in net assets with donor restrictions. Promises to give without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions, and reclassified to net assets without donor restrictions when received. Management individually reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amount of the promises to give 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 support without donor restrictions 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.



# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### **Property and Equipment** (Continued)

The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Foundation has not recognized any impairment of long lived assets during 2022 and 2021.

#### **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 net assets with donor restrictions.

#### **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 donor 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 without donor restricted revenue and support unless the income or loss is restricted by donor or law. Investment income is shown net of investment fees.

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 net assets without donor restriction.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Allocation of Investment Income (Continued)

The Foundation allocated a spending rate of 4.00% for 2022 and 2021, 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 net assets with donor restrictions. 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 net assets with donor restrictions held in perpetuity 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 net assets with donor restrictions subject to appropriation or spending policy.

#### 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.

#### Revenue Recognition

Revenues for rent, 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, 2022 and 2021, totaling \$727,855 and \$896,517, 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. Rental revenue is recognized under ASC 840, *Lease Accounting*, and is not impacted by ASC 606.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Revenue Recognition (Continued)

Advertising revenue related to the naming rights of facilities is recognized over the period of time noted in the advertising contract as performance obligations are met. The Foundation considers the performance obligation to be allowing the customer to display their name on facilities as noted in the contract. Rates for the advertising is determined through negotiation between the Foundation and the customer. Funds received related to advertising revenue but not earned as of June 30, 2022 and 2021, totaling \$1,680,000 and \$1,120,000, respectively, have been classified as deferred revenue on the consolidated statements of financial position.

#### Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions 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 support with donor restrictions. Absent explicit 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.

Donated services are recognized as contributions, at the donor's estimated fair value, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

# 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)

The University employs certain personnel who are involved in development activities from which both the University and the Foundation benefit. The Foundation recognized \$4,217,989 and \$2,956,458 of development, program, and general and administrative activities and supplies received from the University for the years ended June 30, 2022 and 2021, respectively, and has reported these donated goods and services as contributions of nonfinancial assets in the accompanying statements of activities.

#### **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 \$120,034 at June 30, 2022 and 2021.

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 a liability for any undistributed funds for which it is the custodian. Outstanding amounts under this arrangement total \$2,200 at June 30, 2022 and 2021, 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 a liability for any undistributed funds for which it is the custodian. Outstanding amounts under this arrangement total \$4,766 at June 30, 2022 and 2021.

#### **Administrative Fee**

The Foundation assesses an administrative fee to certain funds, at a rate of 1.79% for 2022 and 1.85% for 2021, 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.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs have been charged directly to functions when appropriate. Cost related to employees working in multiple functional categories have been allocated based on estimated time and effort. Occupancy costs have been allocated based on square footage.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### 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 tax positions.

The Alumni Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Alumni Association's tax-exempt purpose is subject to taxation on unrelated business income. The Alumni Association is also exempt from Wisconsin income taxes. In addition, the Alumni Association has been classified as an association other than a private foundation under Section 509(a)(2) of the Code.

The Alumni Association is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Alumni Association has determined there are no amounts recorded as assets or liabilities related to no uncertain tax positions.

#### Subsequent Events

Subsequent events have been evaluated through December 7, 2022, which is the date the consolidated financial statements were available to be issued.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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

#### Future Accounting Pronouncement

##### *Leases*

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheets. The lessor model stays substantially the same, however, there are modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed upfront. ASU No. 2016-02 is effective for the Foundation in fiscal 2023, with early adoption permitted. ASU No. 2016-02 must be applied retrospectively. The Foundation is currently evaluating the impact of the provisions of ASU No. 2016-02.

### Note 2: Promises to Give

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 3.0% and 2.0% for the years ended June 30, 2022 and 2021, respectively.

The promises to give are expected to be collected according to the following schedule:

<i>As of June 30,</i>	<b>2022</b>	<b>2021</b>
Less than one year	\$ 4,464,631	\$ 11,043,886
One to five years	8,106,689	6,292,449
Thereafter	804,880	89,245
<b>Gross promises to give</b>	<b>13,376,200</b>	<b>17,425,580</b>
Less:		
Unamortized discount	673,918	264,024
Allowance for uncollectible amounts	510,000	670,000
<b>Promises to give - Net</b>	<b>12,192,282</b>	<b>16,491,556</b>
Less - Current portion - Net	4,464,631	11,043,886
<b>Promises to give, less current portion - Net</b>	<b>\$ 7,727,651</b>	<b>\$ 5,447,670</b>

Of the promises to give balance, approximately 18% is due from two donors and 35% is due from two donors at June 30, 2022 and 2021, respectively.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 3: Investments

Investments consisted of the following:

<i>As of June 30,</i>	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money market funds	\$ 5,124,927	\$ 5,125,100	\$ 2,742,654	\$ 2,742,654
U.S. government obligations	23,463,648	23,463,648	17,441,077	17,892,646
Non-U.S. government bonds and fixed income mutual funds	55,524,243	47,726,375	36,760,847	38,197,850
Asset- and mortgaged-backed securities	25,426,143	25,426,143	30,293,730	30,560,420
Equities and equity mutual funds	69,618,895	107,581,170	64,336,395	127,740,888
<b>Total investments</b>	<b>\$ 179,157,856</b>	<b>\$ 209,322,436</b>	<b>\$ 151,574,703</b>	<b>\$ 217,134,458</b>

Investment income (loss) was as follows:

<i>Years Ended June 30,</i>	<b>2022</b>	<b>2021</b>
Interest and dividends	\$ 3,732,996	\$ 4,537,651
Net realized gains on investments	3,301,905	3,457,142
Net unrealized gains (losses) on investments	(34,611,327)	32,473,531
Investment trustee and management fees	(253,787)	(228,694)
<b>Total investment income (loss)</b>	<b>\$ (27,830,213)</b>	<b>\$ 40,239,630</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 will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 4: Property and Equipment

Property and equipment consisted of the following:

<i>As of June 30,</i>	<b>2022</b>	<b>2021</b>
Land and improvements	\$ 8,163,983	\$ 18,436,081
Buildings and improvements	77,475,947	77,630,047
Furniture and equipment	4,720,604	4,800,122
<b>Total property and equipment</b>	<b>90,360,534</b>	<b>100,866,250</b>
<b>Less - Accumulated depreciation</b>	<b>(36,860,144)</b>	<b>(34,495,205)</b>
<b>Property and equipment - Net</b>	<b>\$ 53,500,390</b>	<b>\$ 66,371,045</b>

Included in furniture and equipment as of June 30, 2022 and 2021, 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, 2022 and 2021.

### Note 5: Sale of Innovation Campus Land

As noted in Note 1, for the fiscal year ended June 30, 2022, the Real Estate Foundation sold a portion of the Innovation campus land it owned in April 2022. The land and its related capitalized development costs totaled \$7,905,512. The land was sold for \$5,031,124 and the related sale costs were \$51,376. Therefore a loss on the sale of land in the amount of \$2,823,012 was recognized by the Real Estate Foundation on the statement of activities.

As stated in Note 1, prior to the sale, the Real Estate Foundation was a controlling member of ICOA. Subsequent to the sale, the Real Estate Foundation is no longer the controlling member of ICOA and ICOA activity will therefore not be consolidated into the accounts of the Real Estate Foundation going forward from the date of sale in March of 2022. At the time of the sale, the Real Estate Foundation transferred over all assets and liabilities of ICOA to the majority owner for a total contribution expense of \$28,499 which is recognized on the consolidated statement of activities. The Real Estate Foundation also transferred the butterfly habitat located on the campus. It was reported at a net book value of \$2,366,586 on the consolidated statement of financial position at the time of the transfer. Total distributions of assets related to transfer of controlling interest of ICOA was \$2,395,085 which is included in distributions of assets related to the transfer in controlling interest of Innovation Campus Owners' Association in the consolidated statement of activities for the year ended June 30, 2022.



# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 6: Note Payable

The Foundation has the following note payable:

<i>As of June 30,</i>	<b>2022</b>	<b>2021</b>
Promissory note to Wells Fargo Bank Northwest	\$ 76,603,161	\$ 78,510,283
Less:		
Current portion	1,981,836	1,907,122
Unamortized debt issuance costs	717,195	746,975
Long-term portion	\$ 73,904,130	\$ 75,856,186

The Real Estate Foundation has a promissory note with Wells Fargo Bank Northwest. The promissory note is payable in 60 semi-annual installments of \$2,467,500 which includes 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. Cost of debt issuance is \$898,110 with accumulated amortization of \$180,915 and \$151,135 as of June 30, 2022 and 2021, respectively.

Scheduled payments of principal on note payable at June 30, 2022, are as follows:

<i>Years Ending June 30,</i>	
2023	\$ 1,981,836
2024	2,059,478
2025	2,140,160
2026	2,224,004
2027	2,224,004
Thereafter	65,973,679
Total maturities	\$ 76,603,161

Interest expense including amortization of debt issuance costs for the years ending June 30, 2022 and 2021 was \$3,042,411 and \$3,114,721, respectively.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### **Note 7: Refundable Advance - SBA Paycheck Protection Program**

On February 2, 2021, the Foundation entered into a promissory note agreement with a local financial institution in the amount of \$333,200. The loan was issued pursuant to the Paycheck Protection Program (the "PPP") administered by the Small Business Administration (the "SBA"), and bears interest at 1.00% with monthly payments of interest only beginning May 2022 and a final payment of all principal and accrued interest due February 2, 2026. All or a portion of the loan may be forgiven if the Foundation uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP.

Management of the Foundation intends to utilize the loan proceeds for eligible costs in accordance with the PPP, and accordingly, has determined that substantially all of the loan will eventually be forgiven. Management has determined that the loan proceeds constitute a conditional contribution under ASU No. 2018-08 and incurring eligible expenses as the barrier to meet the conditions on the grant and recognize the revenue. Based on eligible expenses incurred as of year-end, management recognized \$235,182 as revenue for the year ended June 30, 2021. Accordingly, the Foundation has recorded a refundable advance as of June 30, 2021 for \$68,018, which represents the remaining balance of the refundable advance. Based on eligible expenses incurred as of June 30, 2022 year-end, management recognized the remaining balance of \$68,018 as revenue and is included in Other income on the statement of activities. The Foundation received full forgiveness on the loan during the year ended June 30, 2022.

### **Note 8: 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 \$138,299 and \$135,995 for the years ended June 30, 2022 and 2021, respectively.

### **Note 9: 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.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 10: Contributed Nonfinancial Assets

Contributed nonfinancial assets consisted of the following:

<i>Years Ended June 30,</i>	<b>2022</b>	<b>2021</b>
Utilized by administration:		
Professional services	\$ 3,041,756	\$ 2,126,948
Payroll taxes and fringe benefits on professional services	1,145,832	829,510
Supplies and other	30,401	-
<b>Total contributed nonfinancial assets</b>	<b>\$ 4,217,989</b>	<b>\$ 2,956,458</b>

Contributed services recognized comprise of the University providing professional services to the Foundation. Professional services are estimated based on current rates of personnel contributing services. Supplies are valued on the basis of wholesale value that would be received for selling similar products in the United States. No in-kind contributions were restricted by donors.

### Note 11: Board Designated Net Assets

Board-designated funds have been set aside by the Board of Directors for specific purposes, but remain available to the Foundation at the discretion of the Board of Directors, and accordingly, are classified as net assets without restrictions. Board-designated funds are as follows at June 30, 2022:

<i>Years Ended June 30,</i>	<b>2022</b>	<b>2021</b>
UWM Foundation:		
Development	\$ 780,025	\$ 828,365
Technology Education	751,939	-
Customer Relationship Management	873,374	-
Alumni Association:		
Alumni Chapter Support	1,108	-
Master Urban Planning Alumni Chapter	8,183	-
Panther Varsity Club	390	-
SBLSB Alumni Chapter (Lubar)	87	-
<b>Totals</b>	<b>\$ 2,415,106</b>	<b>\$ 828,365</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30,

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specific purpose, appropriation or spending policy:		
Teaching and departmental programs	\$ 68,089,776	\$ 78,784,061
Research	18,197,560	21,751,542
Scholarship/fellowship	46,821,877	45,082,585
Community service	730,948	2,594,683
Special projects	51,506,503	50,999,206
Endowments:		
Perpetual in nature subject to spending policy of appropriation:		
Teaching and departmental programs	8,745,862	8,580,878
Research	158,379	158,379
Scholarship/fellowship	11,648,304	11,164,814
Community service	133,849	126,349
Special projects	1,425,896	1,415,896
<b>Total net assets with donor restrictions</b>	<b>\$ 207,458,954</b>	<b>\$ 220,658,393</b>

Net assets released from donor restrictions were as follows as of June 30,

	<b>2022</b>	<b>2021</b>
Teaching and departmental programs	\$ 4,764,100	\$ 4,733,061
Research	391,005	333,552
Scholarship/fellowship	5,706,350	6,097,818
Community service	912,615	578,400
Special projects	8,471,922	6,390,951
Foundation fees	2,547,295	2,303,740
<b>Total net assets released from donor restrictions</b>	<b>\$ 22,793,287</b>	<b>\$ 20,437,522</b>

### Note 13: 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 UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### **Note 13: Endowments (Continued)**

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 net assets with donor restrictions (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 donor restricted endowment fund is classified as net assets with donor restrictions 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.

### **Donor-Restricted Endowments**

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-restricted 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% of the average market value of the related endowment investments over a three year period.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 13: Endowments (Continued)

#### Flexible Endowments

The Foundation has received gifts in which the donors have stipulated that the gift be invested, however, the Foundation is permitted to spend the corpus of the gift. Investment earnings on the flexible endowments will be allocated directly to the corpus since the annual distributions, determined by the Board of Directors, will be distributed regardless of the amount of investment earnings. In effect this could reduce the corpus value below the original contribution, however, the expectation is that accumulated investment earnings in the long-term will exceed distributions so the original contribution would not be depleted.

Endowment net assets consisted of the following:

<i>As of June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions			Total
		Accumulated Earnings	Perpetual in Nature	Flexible	
Endowment funds	\$ -	\$ 9,071,676	\$ 22,117,290	\$ 95,535,144	\$ 126,724,110

<i>As of June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions			Total
		Accumulated Earnings	Perpetual in Nature	Flexible	
Endowment funds	\$ -	\$ 17,997,607	\$ 21,446,316	\$ 103,734,089	\$ 143,178,012

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 13: Endowments (Continued)

Changes in the endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Accumulated Earnings	Perpetual in Nature	Flexible	
Endowments at July 1, 2020	\$ -	\$ 10,682,070	\$ 21,199,553	\$ 78,804,395	\$ 110,686,018
Contributions	-	38,468	246,763	5,019,056	5,304,287
Interest and dividend income	-	1,156,951	-	2,013,884	3,170,835
Net appreciation	-	7,181,153	-	19,373,184	26,554,337
Changes in donor restrictions	-	(16,271)	-	1,521,861	1,505,590
Appropriation for expenditures	-	(1,044,764)	-	(2,998,291)	(4,043,055)
Endowments at June 30, 2021	-	17,997,607	21,446,316	103,734,089	143,178,012
Contributions	-	91,587	670,974	6,550,147	7,312,708
Interest and dividend income	-	411,842	-	1,568,447	1,980,289
Net appreciation	-	(8,254,556)	-	(13,052,273)	(21,306,829)
Changes in donor restrictions	-	(167,737)	-	98,477	(69,260)
Appropriation for expenditures	-	(1,007,067)	-	(3,363,743)	(4,370,810)
Endowments at June 30, 2022	\$ -	\$ 9,071,676	\$ 22,117,290	\$ 95,535,144	\$ 126,724,110

Net assets with donor restrictions to be held in endowments, excluding flexible endowments, are comprised of the following:

<i>As of June 30,</i>	<b>2022</b>	<b>2021</b>
Investments	\$ 31,082,196	\$ 39,348,936
Promises to give	20,300	25,300
Split interest agreements	86,470	69,687
Net assets with donor restrictions to be held in endowments	\$ 31,188,966	\$ 39,443,923

### Note 14: 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, 2022 and 2021, a liability for future payments was not recognized as payments to the law firm are contingent on receiving future cash flows from successful ventures.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 15: 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.
- Promises to give 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 15: Fair Value Measurements (Continued)

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

<i>As of June 30, 2022</i>	<u>Fair Value Measurements Using</u>			<b>Total Assets at Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Investments:</b>				
Money market funds	\$ -	\$ 5,125,100	\$ -	\$ 5,125,100
Fixed income mutual funds				
Short-term bond funds	57,993	-	-	57,993
Intermediate-term bond funds	7,355,030	-	-	7,355,030
Fixed income securities				
Asset- and mortgage-backed securities	-	25,426,143	-	25,426,143
U.S. Treasury bonds and notes	-	23,463,648	-	23,463,648
Domestic corporate bonds	-	32,076,114	-	32,076,114
Foreign bonds	-	8,237,238	-	8,237,238
Equity mutual funds:				
Foreign large blend funds	25,034,849	-	-	25,034,849
Small-cap blend funds	20,495,334	-	-	20,495,334
Mid-cap blend funds	20,760,296	-	-	20,760,296
Large blend funds	37,938,234	-	-	37,938,234
Diversified emerging markets	10,285	-	-	10,285
Exchange-traded funds	1,374,820	-	-	1,374,820
Common and preferred stocks	1,826,845	-	-	1,826,845
Privately held stock	-	-	43,401	43,401
Limited partnership interests	-	-	97,106	97,106
<b>Total investments</b>	<b>114,853,686</b>	<b>94,328,243</b>	<b>140,507</b>	<b>209,322,436</b>
Promises to give	-	12,192,282	-	12,192,282
Split interest contributions receivable from charitable remainder trusts	-	-	86,470	86,470
<b>Total assets at fair value</b>	<b>\$ 114,853,686</b>	<b>\$ 106,520,525</b>	<b>\$ 226,977</b>	<b>\$ 221,601,188</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 15: Fair Value Measurements (Continued)

<i>As of June 30, 2021</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ -	\$ 2,742,654	\$ -	\$ 2,742,654
Fixed income mutual funds				
Short-term bond funds	60,713	-	-	60,713
Inflation-protected bond funds	-	-	-	-
Intermediate-term bond funds	8,330,322	-	-	8,330,322
Fixed income securities				
Asset- and mortgage-backed securities	-	30,293,730	-	30,293,730
U.S. Treasury bonds and notes	-	17,441,077	-	17,441,077
Domestic corporate bonds	-	23,314,127	-	23,314,127
Foreign bonds	-	7,210,948	-	7,210,948
Equity mutual funds:				
Foreign large blend funds	29,301,719	-	-	29,301,719
Small-cap blend funds	25,704,546	-	-	25,704,546
Mid-cap blend funds	25,114,492	-	-	25,114,492
Large blend funds	43,196,361	-	-	43,196,361
Diversified emerging markets	9,587	-	-	9,587
Exchange-traded funds	1,573,541	-	-	1,573,541
Common and preferred stocks	2,603,087	-	-	2,603,087
Privately held stock	-	-	97,049	97,049
Limited partnership interests	-	-	140,505	140,505
<b>Total investments</b>	<b>135,894,368</b>	<b>-</b>	<b>-</b>	<b>217,134,458</b>
Promises to give	-	16,491,556	-	16,491,556
Split interest contributions receivable from charitable remainder trusts	-	-	69,687	69,687
<b>Total assets at fair value</b>	<b>\$ 135,894,368</b>	<b>\$ 16,491,556</b>	<b>\$ 69,687</b>	<b>\$ 233,695,701</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 15: Fair Value Measurements (Continued)

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

	Privately Held Stock	Limited Partnership Interests	Split interests
Balance, July 1, 2020	\$ 97,049	\$ 224,312	\$ 41,098
Unrealized gain	-	-	28,589
Sale of stock	-	(83,807)	-
Balance, June 30, 2021	97,049	140,505	69,687
Unrealized gain	15,069	-	16,783
Sale of stock	(68,717)	(43,399)	-
Balance June 30, 2022	\$ 43,401	\$ 97,106	\$ 86,470

### Note 16: Related Parties

Program support from the Foundation to the University of \$19,870,933 and \$17,818,997 for the years ended June 30, 2022 and 2021, respectively, included \$14,450,665 and \$12,455,635, 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, 2022 and 2021, expenses incurred by the University which have not yet been reimbursed by the Foundation were \$57,002 and \$4,044,488, respectively. See also Note 1 Contributions for development activities received from the University.

The University rents property from the Real Estate Foundation under an operating lease ("Innovation Accelerator Building" lease). Monthly rents, including operating costs and other fees, range from \$35,279 and \$44,005 through March 2034, with an option to renew through March 2044. In November 2014, the University paid \$1,000,000 to the Real Estate Foundation in advance rent to cover build-out 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 \$610,390 and \$662,338 at June 30, 2022 and 2021, respectively, and are included in deferred revenue in the accompanying consolidated statements of financial position. Total rental income under these leases was \$445,672 and \$425,566 for the years ended June 30, 2022 and 2021, respectively.

The University also rents property for student dormitories under operating leases ("Cambridge and Riverview Residence Halls" leases). Monthly rents under both leases, including operating costs and other fees, total \$4,940,000 through June 2046. Total rental income under these leases was \$4,981,769 and \$4,940,146 for the years ended June 30, 2022 and 2021, respectively.

Total rental income under related party leases was \$5,427,441 and \$5,365,712 for the years ended June 30, 2022 and 2021, respectively. See Note 17 for further details.

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 16: Related Parties (Continued)

See Note 10 for details of contributed professional services for the University to the Foundation.

### Note 17: Leases

The Foundation leases office space and buildings to various organizations. Monthly rents range from \$1,591 to \$8,574. Total rental income under these leases was \$114,659 and \$200,141 for the years ended June 30, 2022 and 2021, respectively. The Foundation is recognizing office space leases on the straight-line basis over the term of the lease agreement. Deferred revenues under these leases total \$117,465 and \$234,179 at June 30, 2022 and 2021, respectively, and are included in deferred revenue in the accompanying consolidated statements of financial position.

Future minimum rental revenues under operating leases, including related party operating leases as described in Note 16, are as follows:

<i>Years Ending June 30,</i>	<b>Cambridge and Riverview Residence Halls</b>	<b>Innovation Accelerator</b>	<b>Third Party</b>	<b>Total</b>
2023	\$ 4,940,000	\$ 410,556	\$ 102,199	\$ 5,452,755
2024	4,940,000	419,983	28,031	5,388,014
2025	4,940,000	429,693	-	5,369,693
2026	4,940,000	439,694	-	5,379,694
2027	4,940,000	449,996	-	5,389,996
Thereafter	93,860,000	3,780,314	-	97,640,314
<b>Totals</b>	<b>\$ 118,560,000</b>	<b>\$ 5,930,236</b>	<b>\$ 130,230</b>	<b>\$ 124,620,466</b>

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 18: Liquidity and Availability of Financial Resources

The following table reflects the Foundation's financial assets as of June 30, 2022, and 2021 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. The Foundation does not have a formal liquidity policy but strives to hold net liquid financial assets available to meet 90 days of general expenditures.

<i>June 30,</i>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,810,921	\$ 4,552,512
Accrued investment income	410,011	294,340
Accounts and grant receivable - Net	491,334	165,025
Promises to give, current portion - Net	4,464,631	11,043,886
Investments	209,322,436	217,134,458
<b>Assets convertible to cash within twelve months</b>	<b>216,499,333</b>	<b>233,190,221</b>
Less: Net assets with donor restrictions excluding long term assets with donor restrictions	199,644,833	210,862,208
<b>Total financial assets available for general expenditures</b>	<b>\$ 16,854,500</b>	<b>\$ 22,328,013</b>

### Note 19: Accounts Receivable and Contract Balances

Contract assets arise when the Foundation transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Foundation is able to charge the customer. Contract liabilities represent the Foundation's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized. The Foundation had no contract assets as of June 30, 2022, June 30, 2021 or July 1, 2020.

As of June 30, 2022 and 2021, the Foundation had the following contract assets, contract liabilities, and accounts receivable:

	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>7/1/2020</b>
Contract assets	\$ -	\$ -	\$ -
Contract liabilities	\$ 1,680,000	\$ 1,120,000	\$ -

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 20: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the Foundation's revenue by source:

	<b>2022</b>	<b>2021</b>
Revenues recognized over time - advertising revenue	\$ 140,000	\$ 140,000
Total	\$ 140,000	\$ 140,000

### Note 21: Reincorporation of the UWM Alumni Association

As stated in Note 1, effective July 1, 2021, the Board of Directors of the Alumni Association voted to transfer all its assets, liabilities, and operations to the Foundation. Under the terms of the transaction, no consideration was transferred. The Foundation accounted for the transaction by recognizing the underlying assets and liabilities acquired at fair value as a contribution of \$2,963,575 on the accompanying statements of activities.

Assets reincorporated and related contribution recognized for the year ended June 30, 2022, is as follows:

<i>Year Ended June 30,</i>	<b>2022</b>
Cash and cash equivalents	\$ 209,839
Accounts receivable - net	31,049
Investments	2,846,681
Prepaid expenses	1,709
Accounts payable	(96,784)
Deferred revenue	(28,919)
Total net assets reincorporated	\$ 2,963,575

### Note 22: Restatement of Previously Issued Financial Statements

The financial statements as of and for the year ended June 30, 2021, have been restated to correct an error that management detected during fiscal year 2022.

In fiscal year 2009, the Foundation endowment loaned funds the Real Estate Foundation in the amount of \$6,000,000. In January 2022, management determined that the interest earned on the note receivable since September 2013 was not properly allocated back to the endowment fund along with earnings on the interest. A correction of an error has been made to restate amounts previously reported in the financial statement dated June 30, 2021. To correct this error, total interest and lost earnings has been calculated from September 2013 to the date of correction and net assets with restrictions has been increased while net assets without restrictions simultaneously has decreased due to this correction, for the years ended June 30, 2021 and 2022. The following tables summarize the impact on the financial statements for the year ended June 30, 2021:

# The UWM Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### Note 22: Restatement of Previously Issued Financial Statements (Continued)

	Impact of Restatement		
	As Previously Reported	Reclassifications	As Restated
<b>Consolidated Statement of Financial Position</b>			
<i>As of June 30, 2020:</i>			
Net assets without donor restrictions	\$ 4,021,513	\$ (3,187,028)	\$ 834,485
Net assets with donor restrictions	83,976,134	3,187,028	187,163,162
<i>As of June 30, 2021:</i>			
Net assets without donor restrictions	8,350,953	(4,348,515)	4,002,438
Net assets with donor restrictions	16,309,878	4,348,515	220,658,393
<b>Consolidated Statements of Activities</b>			
<i>Year Ended June 30, 2021:</i>			
Investment income - without donor restrictions	4,908,803	(1,161,487)	3,747,316
Investment income - with donor restrictions	35,330,827	1,161,487	36,492,314
Change in net assets - without donor restrictions	4,329,440	(1,161,487)	3,167,953
Change in net assets - with donor restrictions	32,333,744	1,161,487	33,495,231
Net assets at beginning of year - without donor restrictions	4,021,513	(3,187,028)	834,485
Net assets at beginning of year - with donor restrictions	83,976,134	3,187,028	187,163,162
Net assets at end of year - without donor restrictions	8,350,953	(4,348,515)	4,002,438
Net assets at end of year - with donor restrictions	\$16,309,878	\$ 4,348,515	\$ 220,658,393

## **Supplementary Information**

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# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Financial Position

June 30, 2022

Assets	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	The UWM Alumni Association, Inc.	Eliminations	Total Consolidated
Current assets:						
Cash and cash equivalents	\$ 1,477,007	\$ 151,535	\$ 144,028	\$ 38,351	\$ -	\$ 1,810,921
Due from affiliates	-	74,789	-	-	(74,789)	-
Accrued investment income	410,011	-	-	-	-	410,011
Accounts receivable - Net	367,845	123,489	-	-	-	491,334
Promises to give, current portion - Net	4,464,631	-	-	-	-	4,464,631
Prepaid expenses and other	28,041	6,024	6,110	-	-	40,175
<b>Total current assets</b>	<b>6,747,535</b>	<b>355,837</b>	<b>150,138</b>	<b>38,351</b>	<b>(74,789)</b>	<b>7,217,072</b>
<b>Investments</b>	<b>209,322,436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,322,436</b>
<b>Property and equipment - Net</b>	<b>370,996</b>	<b>53,121,434</b>	<b>7,960</b>	<b>-</b>	<b>-</b>	<b>53,500,390</b>
Other assets:						
Due from affiliates	-	7,789,791	3,754,794	2,705,525	(14,250,110)	-
Restricted cash and cash equivalents	-	3,720,742	-	-	-	3,720,742
Cash surrender value of life insurance	1,052,099	-	-	-	-	1,052,099
Split interest contributions receivable from charitable remainder trusts	86,470	-	-	-	-	86,470
Promises to give, less current portion - Net	7,727,651	-	-	-	-	7,727,651
Note receivable	1,147,474	-	-	-	(1,147,474)	-
<b>Total other assets</b>	<b>10,013,694</b>	<b>11,510,533</b>	<b>3,754,794</b>	<b>2,705,525</b>	<b>(15,397,584)</b>	<b>12,586,962</b>
<b>TOTAL ASSETS</b>	<b>\$ 226,454,661</b>	<b>\$ 64,987,804</b>	<b>\$ 3,912,892</b>	<b>\$ 2,743,876</b>	<b>\$ (15,472,373)</b>	<b>\$ 282,626,860</b>

See Independent Auditor's Report.

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Financial Position (Continued)

June 30, 2022

Liabilities and Net Assets (Deficit)	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	The UWM Alumni Association, Inc.	Eliminations	Total Consolidated
Current liabilities:						
Current maturities of note payable	\$ -	\$ 1,981,836	\$ -	\$ -	\$ -	\$ 1,981,836
Due to the University of Wisconsin-Milwaukee	2,740,286	-	65,054	-	-	2,805,340
Amounts payable under fiscal agent responsibilities	120,034	-	6,966	-	-	127,000
Accounts payable	53,746	19,221	70,173	5,867	-	149,007
Accrued interest payable	-	619,209	-	-	-	619,209
Refundable advance - SBA Paycheck Protection Program	-	-	-	-	-	-
Deferred revenue	140,000	51,948	-	-	-	191,948
Accrued liabilities	825,337	42,372	1,400	-	-	869,109
<b>Total current liabilities</b>	<b>3,879,403</b>	<b>2,714,586</b>	<b>143,593</b>	<b>5,867</b>	<b>-</b>	<b>6,743,449</b>
Long-term liabilities:						
Due to affiliates	14,324,899	-	-	-	(14,324,899)	-
Accrued interest payable	-	-	-	-	-	-
Note payable, less current maturities - Net	-	75,051,604	-	-	(1,147,474)	73,904,130
Deferred revenue	1,540,000	675,907	-	-	-	2,215,907
<b>Total long-term liabilities</b>	<b>15,864,899</b>	<b>75,727,511</b>	<b>-</b>	<b>-</b>	<b>(15,472,373)</b>	<b>76,120,037</b>
<b>Total liabilities</b>	<b>19,744,302</b>	<b>78,442,097</b>	<b>143,593</b>	<b>5,867</b>	<b>(15,472,373)</b>	<b>82,863,486</b>
Net assets (deficit):						
Without donor restrictions	1,324,113	(13,583,034)	1,825,331	2,738,009	-	(7,695,581)
With donor restrictions	205,386,246	128,741	1,943,968	-	-	207,458,955
<b>Total net assets (deficit)</b>	<b>206,710,359</b>	<b>(13,454,293)</b>	<b>3,769,299</b>	<b>2,738,009</b>	<b>-</b>	<b>199,763,374</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 226,454,661</b>	<b>\$ 64,987,804</b>	<b>\$ 3,912,892</b>	<b>\$ 2,743,876</b>	<b>\$ (15,472,373)</b>	<b>\$ 282,626,860</b>

See Independent Auditor's Report.

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Activities

Year Ended June 30, 2022

	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	The UWM Alumni Association, Inc.	Eliminations	Total Consolidated
<b>Net assets (deficit) without donor restrictions:</b>						
Support and revenue:						
Contributions	138,314	107,138	981,006	177,601	(379,000)	1,025,059
Contributed goods and services	3,362,583	-	-	855,406	-	4,217,989
Rental income	13,480	5,554,639	-	-	-	5,568,119
Loss on sale or disposal of property and equipment	-	(2,983,350)	-	-	-	(2,983,350)
Investment income - Net	(4,872,271)	(2,151,254)	(227,669)	(204,065)	(425,400)	(7,880,659)
Other income	-	127,378	-	70,186	-	197,564
Contributions from reincorporation of UWM Alumni Association	-	-	-	2,963,575	-	2,963,575
Net assets released from restrictions	22,418,227	-	375,060	-	-	22,793,287
<b>Total support and revenue</b>	<b>21,060,333</b>	<b>654,551</b>	<b>1,128,397</b>	<b>3,862,703</b>	<b>(804,400)</b>	<b>25,901,584</b>
Distributions to the University of Wisconsin-Milwaukee:						
Student financial aid	5,706,350	-	-	-	-	5,706,350
Teaching and departmental programs	4,764,100	-	-	-	-	4,764,100
Community service	912,615	-	-	-	-	912,615
Research	15,945	-	-	-	-	15,945
Special projects	8,471,923	-	-	-	-	8,471,923
<b>Total distributions</b>	<b>19,870,933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,870,933</b>
Expenses:						
Program	394,057	6,674,900	1,336,705	475,154	(425,400)	8,455,416
General administration	1,938,846	35,432	62,479	642,740	(379,000)	2,300,497
Direct fundraising	1,208,288	-	-	-	-	1,208,288
Development services received from personnel of the University of Wisconsin-Milwaukee	3,362,584	-	-	6,800	-	3,369,384
<b>Total expenses</b>	<b>6,903,775</b>	<b>6,710,332</b>	<b>1,399,184</b>	<b>1,124,694</b>	<b>(804,400)</b>	<b>15,333,585</b>
<b>Total distributions and expenses</b>	<b>26,774,708</b>	<b>6,710,332</b>	<b>1,399,184</b>	<b>1,124,694</b>	<b>(804,400)</b>	<b>35,204,518</b>
Excess of support and revenue over distributions and expenses	(5,714,375)	(6,055,781)	(270,787)	2,738,009	-	(9,302,934)
Other Expense - Distributions of assets related to transfer of controlling interest in Innovation Campus Owner's Association	-	(2,395,085)	-	-	-	(2,395,085)
Change in net assets without donor restrictions	(5,714,375)	(8,450,866)	(270,787)	2,738,009	-	(11,698,019)
Net assets (deficit) without donor restrictions at beginning of year - restated	7,038,488	(5,132,168)	2,096,118	-	-	4,002,438
<b>Net assets (deficit) without donor restrictions at end of year</b>	<b>1,324,113</b>	<b>(13,583,034)</b>	<b>1,825,331</b>	<b>2,738,009</b>	<b>-</b>	<b>(7,695,581)</b>

# The UWM Foundation, Inc. and Affiliates

## Consolidating Statement of Activities (Continued)

Year Ended June 30, 2022

	The UWM Foundation, Inc.	The UWM Real Estate Foundation, Inc.	The UWM Research Foundation, Inc.	The UWM Alumni Association, Inc.	Eliminations	Total Consolidated
<b>Net assets with donor restrictions:</b>						
Contributions	\$ 29,252,093	\$ 27,715	\$ 263,595	\$ -	\$ -	\$ 29,543,403
Investment income	(19,676,304)	-	(273,250)	-	-	(19,949,554)
Net assets released from restrictions	(22,418,227)	-	(375,060)	-	-	(22,793,287)
Change in net assets with donor restrictions	(12,842,438)	27,715	(384,715)	-	-	(13,199,438)
Net assets with donor restrictions at beginning of year (restated)	\$ 218,228,684	\$ 101,026	\$ 2,328,683	\$ -	\$ -	\$ 220,658,393
Net assets with donor restrictions at end of year	\$ 205,386,246	\$ 128,741	\$ 1,943,968	\$ -	\$ -	\$ 207,458,955

See Independent Auditor's Report.