

**UNIVERSITY OF WISCONSIN - GREEN BAY  
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
University of Wisconsin - Green Bay Foundation, Inc. and Subsidiary  
Green Bay, Wisconsin

We have audited the accompanying consolidated financial statements of University of Wisconsin - Green Bay Foundation, Inc. and Subsidiary (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2018 and the related consolidated statements of activities and cash flows for the year 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 of America; 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Foundation'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 Foundation'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 University of Wisconsin - Green Bay Foundation, Inc. and Subsidiary as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Matter**

The 2017 consolidated financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated September 4, 2018 expressed an unmodified opinion on those consolidated financial statements from which the prior year summarized financial information was derived.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
August 22, 2019

## **CONSOLIDATED FINANCIAL STATEMENTS**

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

## Consolidated Statement of Financial Position

December 31, 2018

(With Comparative Amounts as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,205,821	\$ 3,381,787
Accounts receivable	46,618	39,105
Promises to give, net	6,146,268	2,872,308
Cash surrender value of life insurance policy	56,829	55,658
Property and equipment, net	621,222	624,569
Investments	<u>41,156,122</u>	<u>43,348,666</u>
<b>Total assets</b>	<u>\$ 52,232,880</u>	<u>\$ 50,322,093</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 523,724	\$ 1,170,356
Fiscal agent liability	<u>1,616,539</u>	<u>262,000</u>
<b>Total liabilities</b>	<u>2,140,263</u>	<u>1,432,356</u>
<b>Net assets</b>		
Without donor restrictions	4,049,247	5,082,817
With donor restrictions	<u>46,043,370</u>	<u>43,806,920</u>
<b>Total net assets</b>	<u>50,092,617</u>	<u>48,889,737</u>
<b>Total liabilities and net assets</b>	<u>\$ 52,232,880</u>	<u>\$ 50,322,093</u>

See Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Consolidated Statement of Activities

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, gains, losses and other support				
Contributions	\$ 81,603	\$ 8,134,850	\$ 8,216,453	\$ 4,704,780
In-kind contributions	150,261	-	150,261	230,730
Investment income (loss)	(73,473)	(1,415,075)	(1,488,548)	4,741,520
Other income	-	3,936	3,936	2,271
Loss on disposal of assets	-	-	-	(93,826)
Net assets released from restrictions	4,487,261	(4,487,261)	-	-
Total revenue, gains, losses and other support	<u>4,645,652</u>	<u>2,236,450</u>	<u>6,882,102</u>	<u>9,585,475</u>
Expenses and losses				
Program services				
Grants and awards	3,941	-	3,941	6,187
Institutional support	3,925,262	-	3,925,262	3,477,733
Scholarships	806,382	-	806,382	822,824
Professorships	302,154	-	302,154	173,148
Printing	2,554	-	2,554	-
Postage	1,036	-	1,036	-
Repairs and maintenance	21,760	-	21,760	39,693
Meals and entertainment	222,006	-	222,006	-
Insurance	364	-	364	2,754
Real estate taxes	5,528	-	5,528	7,332
Travel	7,648	-	7,648	-
Depreciation	3,347	-	3,347	5,244
Utilities	1,296	-	1,296	-
Total program services	<u>5,303,278</u>	<u>-</u>	<u>5,303,278</u>	<u>4,534,915</u>
Supporting services				
Management and general				
Administrative services	149,422	-	149,422	146,906
Discretionary	-	-	-	3,279
Printing	2,980	-	2,980	1,605
Postage	1,574	-	1,574	2,566
Telephone	2,963	-	2,963	5,675
Supplies	881	-	881	4,009
Repair and maintenance	7,253	-	7,253	13,231
Meals and entertainment	35,521	-	35,521	28,582
Insurance	364	-	364	2,754
Professional fees	10,950	-	10,950	13,950
Travel	8,923	-	8,923	23,091
Dues and subscriptions	353	-	353	938
Utilities	-	-	-	1,518
Miscellaneous expense	1,236	-	1,236	2,998
Total management and general	<u>222,420</u>	<u>-</u>	<u>222,420</u>	<u>251,102</u>
Fundraising				
Printing	2,981	-	2,981	4,815
Postage	1,532	-	1,532	7,698
Telephone	2,962	-	2,962	-
Supplies	881	-	881	708
Meals and entertainment	38,481	-	38,481	85,746
Travel	8,922	-	8,922	23,091
Bank charges	18,058	-	18,058	3,143
Bad debt	58,540	-	58,540	20,828
Miscellaneous expense	21,167	-	21,167	25,688
Total fundraising	<u>153,524</u>	<u>-</u>	<u>153,524</u>	<u>171,717</u>
Total supporting services	<u>375,944</u>	<u>-</u>	<u>375,944</u>	<u>422,819</u>
Total expenses	<u>5,679,222</u>	<u>-</u>	<u>5,679,222</u>	<u>4,957,734</u>
Change in net assets	(1,033,570)	2,236,450	1,202,880	4,627,741
Net assets, beginning of year	<u>5,082,817</u>	<u>43,806,920</u>	<u>48,889,737</u>	<u>44,261,996</u>
Net assets, end of year	<u>\$ 4,049,247</u>	<u>\$ 46,043,370</u>	<u>\$ 50,092,617</u>	<u>\$ 48,889,737</u>

See Notes to Consolidated Financial Statements.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2018

(With Comparative Amounts for the Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities		
Contributions received	\$ 5,616,470	\$ 4,170,759
Other income	3,936	2,271
Depreciation	3,347	5,244
Investment return	1,241,761	1,130,567
Payments for program services	(4,595,371)	(3,226,455)
Payments for supporting services	<u>(375,944)</u>	<u>(422,819)</u>
Net cash provided by operating activities	<u>1,894,199</u>	<u>1,659,567</u>
Cash flows from investing activities		
(Increase) decrease in cash surrender value of life insurance policy	(1,171)	1,292
Purchase of investments	<u>(578,717)</u>	<u>(3,272,423)</u>
Net cash used in investing activities	<u>(579,888)</u>	<u>(3,271,131)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	(523,716)	158,354
Investment return restricted for long-term purposes	<u>33,439</u>	<u>45,259</u>
Net cash provided by (used in) financing activities	<u>(490,277)</u>	<u>203,613</u>
Change in cash and cash equivalents	824,034	(1,407,951)
Cash and cash equivalents		
Beginning of year	<u>3,381,787</u>	<u>4,789,738</u>
End of year	<u>\$ 4,205,821</u>	<u>\$ 3,381,787</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities		
Change in net assets	\$ 1,202,880	\$ 4,627,741
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,347	5,244
Contributions restricted for long-term investment	(2,750,244)	(764,751)
Investment return restricted for long-term investment	(33,439)	(45,259)
Unrealized (gain) loss on investments	2,771,261	(3,548,331)
Loss on disposal of assets	-	93,826
Change in assets and liabilities		
Accounts receivable	(7,513)	(17,363)
Accounts payable	(646,632)	1,046,460
Fiscal agent liability	<u>1,354,539</u>	<u>262,000</u>
Net cash provided by operating activities	<u>\$ 1,894,199</u>	<u>\$ 1,659,567</u>

See Notes to Consolidated Financial Statements.



# UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### 1. Nature of activities

University of Wisconsin - Green Bay Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized under the laws of the State of Wisconsin. The Foundation exists to advance the mission and service of the University of Wisconsin - Green Bay (the "University") through the acquisition of philanthropic support essential for creating a margin of excellence for all University activities and to provide financial assistance to students enrolled at the University. The Foundation's support comes primarily through donor contributions.

Effective July 29, 2013, the Foundation established Phoenix Real Estate Foundation, LLC as a separate domestic limited liability company. Phoenix Real Estate Foundation, LLC is a real estate holding company for real estate that has been purchased by or donated to the Foundation. The accompanying consolidated financial statements include Phoenix Real Estate Foundation, LLC's financial results for the year ended December 31, 2018.

#### 2. Consolidated financial statements

The consolidated financial statements include the accounts of University of Wisconsin - Green Bay Foundation, Inc. and its wholly owned subsidiary, Phoenix Real Estate Foundation, LLC. All significant inter-organizational transactions have been eliminated.

#### 3. Basis of accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### 4. Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

#### 5. Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2018

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. Cash and cash equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

7. Accounts receivable

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

8. Promises to give

The Foundation records unconditional promises receivable that are expected to be collected within one year at net realizable value. Unconditional promises receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Management evaluates collectability of promises to give based on its assessment of the current status of individual promises to give and has determined an allowance for doubtful accounts is not necessary. Amounts deemed uncollectible in future years will be written off at that time.

9. Property and equipment

All acquisitions of property and equipment in excess of \$5,000, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

10. Investments

The Foundation invests in pooled investment funds with the University of Wisconsin Foundation. The pooled investment funds on deposit with the University of Wisconsin Foundation - Endowment Fund are recorded using the net asset value in estimating fair value, based on information provided by the University of Wisconsin Foundation. The estimated fair values are evaluated by the Foundation.

The investment income, including realized and unrealized gains and losses, are included in the change in net assets in the accompanying consolidated statement of activities. The Foundation allocates investment income to individual funds maintained by the Foundation based on the relationship of the market value of each fund to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2018

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. Contribution recognition**

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

**12. Functional allocation of expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of activities presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**13. Income taxes**

The Foundation is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under IRC Section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**14. Comparative financial information**

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

**15. Financial instruments and credit risk**

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the finance committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2018

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**16. Recent accounting pronouncements**

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies when a transfer of cash or other assets received and made qualifies as a contribution or an exchange transaction and establishes criteria for determining whether the asset provider is receiving commensurate value in return for those assets. The ASU also provides guidance for determining whether a contribution is conditional. This standard is effective for the year ending December 31, 2019, with early application permitted. The Foundation is currently evaluating the impact of ASU 2018-08 on the Foundation's consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will supersede all existing U.S. GAAP guidance on revenue recognition and is expected to require the use of more judgment and result in additional disclosures. The FASB has issued several amendments to the original standard, which becomes effective for annual reporting periods beginning after December 15, 2018. Adoption is to be applied retrospectively. The Foundation is currently evaluating the impact of ASU 2014-09 on the Foundation's consolidated financial statements and has not yet determined its method of adoption.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which is expected to increase transparency and comparability among organizations. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their statement of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of activities largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct-financing leases. The standard is effective for annual reporting periods beginning after December 15, 2018, and early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2016-02 on the Foundation's consolidated financial statements.

**17. Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The adoption of ASU 2016-14 did not have a material impact on the Foundation's consolidated financial statements.

**18. Subsequent events**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through August 22, 2019, the date on which the consolidated financial statements were available to be issued.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

## Notes to Consolidated Financial Statements

December 31, 2018

**NOTE B - LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity and cash flows required to meet its operating needs and other contractual commitments, while striving to maximize the investments of its available funds. The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs.

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

Total financial assets	\$ 51,611,658
Donor-imposed restrictions:	
Funds subject to donor restrictions	15,091,180
Endowments	<u>30,952,190</u>
Financial assets, net donor-imposed restrictions	5,568,288
Less:	
Fiscal agency liability	1,616,539
Accounts payable	523,724
Board designated funds	<u>468,500</u>
Total financial assets available	<u>\$ 2,959,525</u>

The Foundation's governing board has designated a portion of its unrestricted resources for specific purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At December 31, 2018, the following amounts were designated for specific purposes by the Board:

Softball complex	\$ 421,000
DASH grant	7,500
Dean's discretionary fund	<u>40,000</u>
	<u>\$ 468,500</u>

**NOTE C - PROMISES TO GIVE**

Unconditional promises to give at December 31, 2018 are as follows:

Receivable in less than one year	\$ 2,361,967
Receivable in one to five years	<u>4,121,473</u>
Total unconditional promises to give	6,483,440
Less discount to net present value	<u>337,172</u>
Net promises to give	<u>\$ 6,146,268</u>

Promises to give receivable in more than one year are discounted at rates between 2.46% and 2.51%. A reserve for uncollectible amounts was deemed not necessary by management.

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

## Notes to Consolidated Financial Statements

December 31, 2018

**NOTE D - FISCAL AGENT LIABILITY**

The Foundation operates as a fiscal agent for the Phoenix Innovation Park campaign. All revenues and expenses for this campaign are recorded in the fiscal agent liability account with no effect on the consolidated statement of activities.

**NOTE E - NET ASSET WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Scholarships and awards	\$ 961,647
Support of University faculty, students and programs	8,727,953
Total	<u>9,689,600</u>
Endowments:	
Subject to endowment spending policy and appropriation:	
Scholarships and awards	13,662,530
Professorships	8,186,365
Support of University faculty, students and programs	14,504,875
Total endowments	<u>36,353,770</u>
Total net assets with donor restrictions	<u>\$ 46,043,370</u>

**NOTE F - FAIR VALUE MEASUREMENTS**

*Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under *ASC 820-10* are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2018

**NOTE F - FAIR VALUE MEASUREMENTS (Continued)**

The asset and liability fair value measurement levels within the fair value hierarchy are 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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2018:

Fair Value	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Promises to give	\$ 6,146,268	\$ -	\$ 6,146,268
Investments	41,091,383	1,016,012	8,432,418
			31,642,953
	<u>\$ 47,237,651</u>	<u>\$ 1,016,012</u>	<u>\$ 8,432,418</u>
			<u>\$ 37,789,221</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for promises to give are determined by calculating the net present value of future cash flows using rates of similar risk-free monetary assets. Management has determined the risk of nonperformance for promises to give is remote and has not adjusted the risk-free rates used.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes the valuation methods are appropriate and consistent with the 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.

Assets measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Promises to give</u>
Balance, beginning of year	\$ 2,872,308
Promises received	6,091,139
Payments received	(2,540,151)
Change in present value discount	(218,488)
Write off of uncollectible pledges	<u>(58,540)</u>
Balance, end of year	<u>\$ 6,146,268</u>
	<u>Investments</u>
Balance, beginning of year	\$ 35,351,896
Investment loss	(1,512,011)
Distributions	(2,664,066)
Contributions	<u>467,134</u>
Balance, end of year	<u>\$ 31,642,953</u>

# UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### NOTE G - ENDOWMENT FUNDS

The Foundation's endowment funds consist of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of relevant law

The Foundation has interpreted the State of Wisconsin and Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date to the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies and has reported as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) 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. Accumulated earnings in excess of the original value of all gifts have been restricted by the donors and are considered as net assets with donor restrictions until appropriated for expenditure by the foundation in a manner consistent with the standard for expenditure prescribed by UPMIFA, at which time they are reclassified to net assets without donor restrictions.

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 fund
- b) The general purposes of the foundation and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and appreciation of investments
- f) Other resources of the foundation
- g) The investment policies of the foundation

#### Return objectives, risk parameters and spending policy

The Foundation has developed investment and spending policies for callable funds to maximize total return with a low level of risk. Endowment funds include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor specified periods.

The balance in the endowment investment funds consists of the following net asset classifications as of December 31, 2018:

	<u>Endowment Net Asset Composition by Type of Fund</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 32,939,145</u>	<u>\$ 32,939,145</u>



**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2018

**NOTE G - ENDOWMENT FUNDS (Continued)**

The following schedule summarizes the changes in the funds by net asset class for the period ended December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 31,576,126	\$ 31,576,126
Investment return:			
Investment income	-	1,372,643	1,372,643
Net depreciation	<u>-</u>	<u>(2,472,268)</u>	<u>(2,472,268)</u>
Total investment loss	<u>-</u>	<u>(1,099,625)</u>	<u>(1,099,625)</u>
Contributions	<u>-</u>	<u>2,778,594</u>	<u>2,778,594</u>
Appropriations of endowment assets for expenditure	<u>-</u>	<u>(315,950)</u>	<u>(315,950)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 32,939,145</u>	<u>\$ 32,939,145</u>

**NOTE H - IN-KIND CONTRIBUTIONS**

The value of in-kind contributions included in the consolidated statement of activities for the year ended December 31, 2018 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Administrative services	\$ -	\$ 121,400	\$ 121,400
Other operating expenses	<u>-</u>	<u>28,861</u>	<u>28,861</u>
Total in-kind contributions	<u>\$ -</u>	<u>\$ 150,261</u>	<u>\$ 150,261</u>

**NOTE I - FUNCTIONALIZED EXPENSES**

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting functions of the Foundation. Those expenses include postage, printing, telephone, supplies meals and entertainment and travel which are allocated using advancement staff headcount and repair and maintenance and insurance expenses which are allocated based on a management plan.

## **SUPPLEMENTARY INFORMATION**

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Consolidating Statement of Financial Position

December 31, 2018

	University of Wisconsin - Green Bay Foundation, Inc.	Phoenix Real Estate Foundation, LLC	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 4,205,821	\$ -	\$ -	\$ 4,205,821
Accounts receivable	46,618	-	-	46,618
Promises to give, net	6,146,268	-	-	6,146,268
Cash surrender value of life insurance	56,829	-	-	56,829
Property and equipment, net	-	621,222	-	621,222
Investments	<u>41,156,122</u>	<u>-</u>	<u>-</u>	<u>41,156,122</u>
<b>Total assets</b>	<u>\$ 51,611,658</u>	<u>\$ 621,222</u>	<u>\$ -</u>	<u>\$ 52,232,880</u>
 <b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 523,724	\$ -	\$ -	\$ 523,724
Fiscal agent liability	<u>1,616,539</u>	<u>-</u>	<u>-</u>	<u>1,616,539</u>
<b>Total liabilities</b>	<u>2,140,263</u>	<u>-</u>	<u>-</u>	<u>2,140,263</u>
 <b>Net assets</b>				
Without donor restrictions	3,428,025	621,222	-	4,049,247
With donor restrictions	<u>46,043,370</u>	<u>-</u>	<u>-</u>	<u>46,043,370</u>
<b>Total net assets</b>	<u>49,471,395</u>	<u>621,222</u>	<u>-</u>	<u>50,092,617</u>
<b>Total liabilities and net assets</b>	<u>\$ 51,611,658</u>	<u>\$ 621,222</u>	<u>\$ -</u>	<u>\$ 52,232,880</u>

**UNIVERSITY OF WISCONSIN - GREEN BAY FOUNDATION, INC. AND SUBSIDIARY**

Consolidating Statement of Activities  
For the Year Ended December 31, 2018

	University of Wisconsin - Green Bay Foundation, Inc.	Phoenix Real Estate Foundation, LLC	Eliminations	Total
Revenue, gains, losses and other support				
Contributions	\$ 8,216,453	\$ -	\$ -	\$ 8,216,453
In-kind contributions	150,261	11,086	(11,086)	150,261
Investment loss	(1,488,548)	-	-	(1,488,548)
Other income	<u>3,936</u>	<u>-</u>	<u>-</u>	<u>3,936</u>
Total revenue, gains, losses and other support	<u>6,882,102</u>	<u>11,086</u>	<u>(11,086)</u>	<u>6,882,102</u>
Expenses and losses				
Program services	5,300,910	13,454	(10,107)	5,304,257
Supporting services:				
Management and general	221,441	979	(979)	221,441
Fundraising	<u>153,524</u>	<u>-</u>	<u>-</u>	<u>153,524</u>
Total expenses	<u>5,675,875</u>	<u>14,433</u>	<u>(11,086)</u>	<u>5,679,222</u>
Change in net assets	<u>1,206,227</u>	<u>(3,347)</u>	<u>-</u>	<u>1,202,880</u>
Net assets, at beginning of year	<u>48,265,168</u>	<u>624,569</u>	<u>-</u>	<u>48,889,737</u>
Net assets, at end of year	<u>\$ 49,471,395</u>	<u>\$ 621,222</u>	<u>\$ -</u>	<u>\$ 50,092,617</u>