

WFAA Financial Report 2021–22

Since early 2020, financial markets have been caught in waves of volatility: the stock market saw a deep crash in spring 2020 and recovered to record highs in late 2021. Since then, stock prices have fallen with surging interest rates and investors' changing views of economic conditions.

Despite some choppy market conditions, WFAA's net asset value has advanced persistently. To help illustrate this growth, our 2022 financial report takes a five-year perspective, rather than the two-year perspective of previous reports.

In the following pages, you will see WFAA's financial performance: new gifts received, funds transferred to UW–Madison, administrative expenses, changes in the endowment's value, and increases in the number and value of planned gifts. Although WFAA's total net assets fell by about \$416 million compared to June 30, 2021, the five-year period shows an upward trend. WFAA's net-asset total on June 30, 2022, is about \$800 million greater than it was on June 30, 2018.

Looking ahead, we are focusing on several UW–Madison priorities: new buildings for the College of Engineering, the College of Letters & Science, and the School of Computer, Data & Information Sciences; the Wisconsin Medicine campaign to raise support for the School of Medicine and Public Health and UW Health; and the Raimey-Noland Campaign for diversity, equity, and inclusion. Fundraising for each of these efforts is on schedule, and you can hear more about them in the video recording of WFAA's investor update.

Philanthropic support is critical to the university's hopes to remain a leading university, fulfilling its mission as an educational institution and a center for research and innovation. Private gifts provide a source of funding that makes those ambitions possible.



Statement of Financial Position

The market surge of 2021 greatly increased WFAA's net assets; the struggling market of 2022 saw the net asset total slide back by \$416 million. However, WFAA's financial position remains strong when seen from a five-year perspective. The organization's total of liabilities and net assets increased by nearly \$800 million compared to 2018.

ASSETS

	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Cash and cash equivalents	137,512,696	15,642,741	55,488,244	14,352,673	26,692,037
Income or redemption receivables and prepaid investments	149,446,633	272,621,660	81,080,794	61,322,010	25,817,848
Assets receivable under split-interest agreements	42,234,774	17,457,988			
Pledges receivable, net	100,769,223	140,664,551	99,533,804	105,016,732	122,589,146
Investments	4,513,308,351	5,223,802,186	4,168,998,081	4,157,753,513	3,964,923,905
Property and equipment, net	14,098,126	13,652,218	15,075,585	17,055,651	18,926,940
Other assets	7,840,469	8,620,066	11,717,002	10,828,160	16,018,202
TOTAL	4,965,210,272	5,692,461,410	4,431,893,510	4,366,328,739	4,174,968,078

LIABILITIES

	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Pending investment purchases payable	115,409,595	349,396,887	54,219,318	82,648,552	54,783,240
Liability under split-interest agreements	40,645,070	46,825,628	41,598,000	42,673,164	44,599,135
Funds due to other organizations	232,404,268	296,667,031	290,366,846	287,886,482	279,228,731
Other liabilities	26,777,090	33,933,166	23,045,320	11,994,520	31,177,507
TOTAL	415,236,023	726,822,712	409,229,484	425,202,718	409,788,613

NET ASSETS

	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Net assets without donor restrictions	123,117,790	158,065,377	179,646,343	163,258,592	129,327,363
Net assets with donor restrictions	4,426,856,459	4,807,573,321	3,843,017,683	3,777,867,429	3,635,852,102
TOTAL	4,549,974,249	4,965,638,698	4,022,664,026	3,941,126,021	3,765,179,465
TOTAL LIABILITIES AND NET ASSETS	4,965,210,272	5,692,461,410	4,431,893,510	4,366,328,739	4,174,968,078

Statement of Activities



Despite an uncertain economy and high inflation, UW–Madison’s generous donors continue to support the university. Contributions remain near the high point of the All Ways Forward campaign, and payments to the university continue to be near the elevated levels common over the last five years. The average annual payment over the last five years was \$274 million; the average for the five years prior to the launch of the All Ways Forward campaign was \$223 million.

REVENUE, GAINS, AND OTHER SUPPORT

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Contributions	378,419,715	383,703,656	304,160,374	341,625,459	313,184,081
Investment return, net of fees	(466,213,412)	917,304,195	63,811,469	148,530,807	243,905,644
Other income	4,403,588	3,934,238	5,504,482	5,447,052	6,109,982
TOTAL	(83,390,109)	1,304,942,089	373,476,325	495,603,318	563,199,707

EXPENSES

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Payments to or for the University of Wisconsin	272,226,114	305,424,681	243,943,131	275,391,164	279,541,953
Administrative expenses	60,048,226	56,542,736	47,995,189	44,265,598	46,107,614
TOTAL	332,274,340	361,967,417	291,938,320	319,656,762	325,649,567

NET ASSETS

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Increase/(Decrease) in net assets	(415,664,449)	942,974,672	81,538,005	175,946,556	237,550,140
Balance at beginning of year	4,965,638,698	4,022,664,026	3,941,126,021	3,765,179,465	3,527,629,325
BALANCE AT END OF YEAR	4,549,974,249	4,965,638,698	4,022,664,026	3,941,126,021	3,765,179,465

Expenses

We value your support, and we know that you want to see your gifts used efficiently for the greatest benefit of UW–Madison. To demonstrate our commitment to stewarding your gifts well — to show that we are keeping costs low and maximizing the impact of donor dollars — we are presenting a breakout of our administrative expenses and a calculation of our ratio of expenses to contributions.

The tables on the next page track expenses and compare them to new gifts and pledges over the last decade, from January 2013 through June 2022. In 2016, WFAA changed its reporting cycle from calendar year to a fiscal year that begins on July 1, as part of the reorganization following the merger of the UW Foundation and the Wisconsin Alumni Association.

We have also included a chart showing net contributions. While the cost of raising a dollar is calculated as a percentage — expenses divided by total contributions — net contributions are calculated by subtracting expenses from total contributions. Net contributions show in raw dollars how much WFAA has raised in each year. We have annualized the figures for the 2016 six-month fiscal year adjustment.

A note regarding two expense categories that appear in 2021 and in 2022 but not in prior years: the loss on guarantee relates to a one-time, non-operational expense, and the agency transfer expense refers to funds held by WFAA on behalf of UW–Platteville and its Richland campus. The loss on guarantee refers to WFAA's decision to facilitate paying off a mortgage for the Fluno Center, a mortgage that had been held by UW–Madison's Center for Advanced Studies in Business. WFAA paid the bulk of the mortgage in fiscal 2021, but a small adjustment — approximately \$24,000 — fell into fiscal 2022. The agency transfer — essentially, sending UW–Platteville's funds to UW–Platteville — is a nonadministrative expense and is not included in the cost to raise a dollar.



TOTAL ADMINISTRATIVE EXPENSES

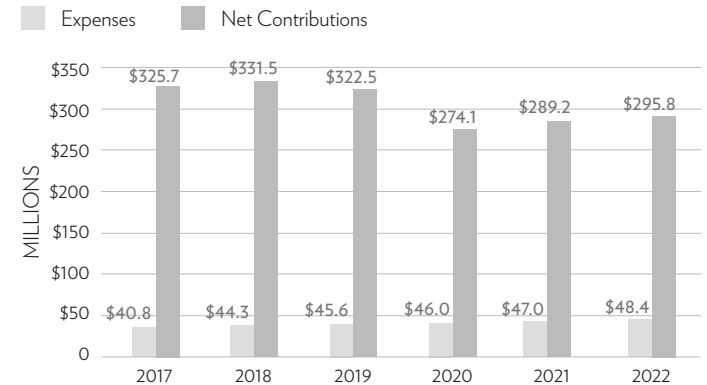
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Salaries	27,003,338	24,460,453	25,526,956	22,035,562	20,941,414
Employee benefits	5,766,186	5,885,465	5,323,079	4,876,342	4,600,040
Bad debt expense (unfulfilled pledges)	5,411,568	5,495,371	1,176,565	580,776	3,370,509
Information technology	3,529,690	2,793,296	2,359,305	2,075,234	1,559,380
Agency transfer expense	3,448,786	-	-	-	-
Professional services	2,369,199	1,574,064	1,710,704	1,987,071	2,596,703
Conferences, conventions, and meetings	2,248,641	264,189	2,163,068	1,974,693	2,293,437
Office expenses	2,238,079	2,009,206	1,976,290	2,002,324	2,265,712
Depreciation	2,122,195	2,191,768	2,281,317	2,280,806	2,168,502
Payroll taxes	1,996,797	1,692,386	1,805,144	1,607,734	1,525,161
Advertising and promotion	1,519,251	1,246,692	1,843,857	1,926,757	2,236,320
Occupancy	970,595	830,393	1,016,929	1,039,264	1,020,368
Insurance	608,071	468,686	393,981	361,327	248,873
Travel	413,459	33,905	527,569	613,959	662,553
Income tax expense	349,915	509,624	(112,457)	897,841	555,558
All other expenses	28,472	14,238	2,882	5,908	63,084
Loss on guarantee	23,984	7,073,000	-	-	-
TOTAL	60,048,226	56,542,736	47,995,189	44,265,598	46,107,614

ADMINISTRATIVE EXPENSES AND CONTRIBUTIONS, 2013-22

	ADMINISTRATIVE EXPENSES <i>(excluding income taxes, agency transfers, and loss on guarantee)</i>	TOTAL CONTRIBUTIONS	COST OF RAISING A DOLLAR <i>(as a percentage of contributions)</i>	NET CONTRIBUTIONS
FY2022	56,225,541	378,419,715	14.9%	322,194,174
FY2021	48,960,112	383,703,656	12.8%	334,743,544
FY2020	48,107,646	304,160,374	15.8%	256,052,728
FY2019	43,367,757	341,625,459	12.7%	298,257,702
FY2018	45,552,238	313,184,081	14.5%	267,631,843
FY2017	49,281,002	338,449,963	14.6%	289,168,961
FY2016 (6 MOS)	21,927,288	151,643,056	14.5%	129,715,768
FY2015	45,794,113	543,596,612	8.4%	497,802,499
FY2014	36,855,944	380,492,270	9.7%	343,636,326
FY2013	28,452,725	266,855,030	10.7%	238,402,305

ROLLING FIVE-YEAR AVERAGES

ENDING IN YEAR SHOWN



Payments to or for UW–Madison

Payments to the UW dropped from the campaign high point of \$305 million, a record set last year, but remain near the average of the last five years. In the coming years, we expect to see payments to the university rise as the UW takes on several significant, donor-supported capital projects, including the addition of buildings for the College of Engineering, the College of Letters & Science, and the School of Computer, Data & Information Sciences.

PAYMENTS TO OR FOR THE UNIVERSITY OF WISCONSIN

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Medicine and Public Health	102,571,380	108,790,406	91,663,742	108,662,831	102,101,634
Letters & Science	31,682,346	37,495,502	33,064,170	37,166,989	44,329,681
Athletics	24,099,002	39,897,247	17,327,655	20,772,179	17,524,365
Business	17,650,892	15,345,638	17,350,773	23,088,919	23,686,732
Engineering	15,370,295	13,403,257	15,384,339	15,623,710	23,785,890
Chancellor's Designated	15,091,707	17,061,438	16,961,988	10,611,565	11,635,042
Agricultural & Life Sciences	11,410,195	22,884,378	10,639,661	11,828,253	16,535,023
Education	10,381,838	11,236,739	6,607,026	5,866,153	5,214,371
Research and Graduate Education	10,077,603	3,341,224	3,102,825	2,869,126	3,133,658
UW Hospitals and Clinics	6,164,045	3,122,395	4,857,504	3,485,684	1,165,994
Other UW–Madison	5,106,084	2,022,098	2,466,006	2,414,425	9,299,672
Law School	3,346,422	3,598,642	3,918,493	3,035,396	2,696,495
Veterinary Medicine	3,344,187	6,526,726	7,124,120	8,857,827	4,018,102
International Studies	3,232,733	3,623,795	1,626,769	1,728,789	1,544,554
Human Ecology	2,982,622	1,436,386	2,496,498	8,740,576	2,641,374
Pharmacy	2,171,728	1,595,810	1,949,071	2,326,552	2,000,364
Other Non-UW–Madison	2,020,226	604,751	806,617	690,401	1,007,382
Nelson Institute for Environmental Studies	1,463,435	1,230,569	911,330	1,332,572	981,677
Nursing	1,088,579	1,633,663	1,054,976	1,296,975	1,998,848
Continuing Studies	1,021,559	758,543	674,146	487,544	439,725
Wisconsin Union	612,996	5,502,862	2,928,703	2,857,601	1,894,778
Student Affairs	495,252	168,700	155,469	213,926	433,065
Libraries	459,470	335,412	587,341	973,898	1,012,227
Recreation and Wellbeing	307,944	3,748,000	2,557	340,355	461,300
Arts Institute	73,574	60,500	281,352	118,918	-
TOTAL	272,226,114	305,424,681	243,943,131	275,391,164	279,541,953

Endowment Funds

Endowment funds provide a base of assets from which the University of Wisconsin may draw current and future revenues. WFAA staff and the investment committee of its board of directors manage the endowment fund on a total return basis, meaning they invest the endowment with a long-term perspective and an emphasis on diversified, equity-related strategies.

The investment, spending, and expense-fee policies associated with the endowment are designed to provide consistent distributions while enabling the balance to increase at the rate of inflation. WFAA currently allocates the annual income based on a spending-plan rate of 4.5 percent, multiplied by the average market value of the total endowment fund for the most recent 16 quarters. By basing the spend plan on a 16-quarter average, we hope to dilute the effects of volatility. This rate is reviewed annually by the board of directors.

The table at right shows the total return figures, and the circular chart shows the asset allocation of WFAA's endowment fund. WFAA established the endowment fund asset-allocation targets to promote overall portfolio diversification while providing a return necessary to meet the investment objectives.

INVESTMENT PERFORMANCE

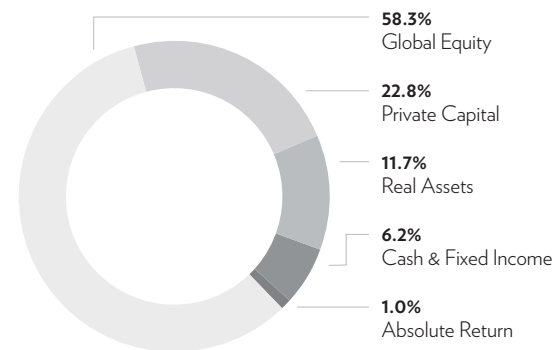
ANNUALIZED RESULTS AS OF JUNE 30, 2022

*Net of external
manager fees*

1 year	-10.9%
3 years	5.1%
5 years	5.9%
10 years	7.1%

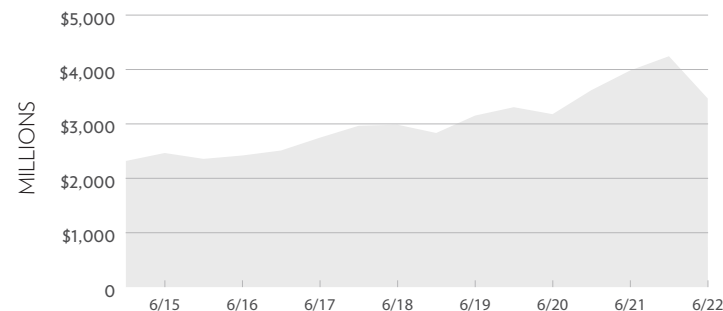
ASSET ALLOCATION

AS OF JUNE 30, 2022



ENDOWMENT FUND ASSETS 2015-22

3,467,695,516



Planning Your Estate and Supporting the University

Thousands of our alumni and friends use a “gift planning” mind-set: they consider their financial, tax, and estate planning when making charitable gifts to maximize benefits both for themselves and for UW–Madison. When realized, the resulting planned gifts make significant funding available to the university each year, providing crucial support during normal operations and times that are financially challenging.

WFAA's Office of Gift Planning is available to consult with donors and their financial or legal advisers to assist with drafting appropriate legal language or documentation to accomplish gift intentions, discuss the gift types best suited to specific financial or charitable goals, and explain how the various life-income gift options we offer may accomplish multiple objectives. Please visit us online at supportuw.org/gift-planning to learn more.

All individuals with a planned gift in place for the Wisconsin Foundation and Alumni Association are welcomed into the Wisconsin Legacy Society — our way of thanking those who have made this philanthropic commitment. No minimum gift is required, and any gift information provided is nonbinding. Current membership includes more than 2,500 individuals.

REALIZED PLANNED GIFTS

JULY 2021 TO JUNE 2022

Life-Income Gifts		
	Charitable Remainder Trusts	1,511,666
	Charitable Gift Annuities	274,572
	Pooled Income Funds	161,269
Bequests		28,987,698
Financial Accounts		
	Life Insurance	1,617,272
	Retirement Plan Assets	12,807,592
	Other	1,040,275

NEW PLANNED GIFT COMMITMENTS CONFIRMED

JULY 2021 TO JUNE 2022

Life-Income Gifts		
	Charitable Remainder Trusts	2,184,116
	Charitable Gift Annuities	735,000
Bequests		136,551,702
Financial Accounts		
	Life Insurance	52,500
	Retirement Plan Assets	12,519,705
	Other	13,658,500