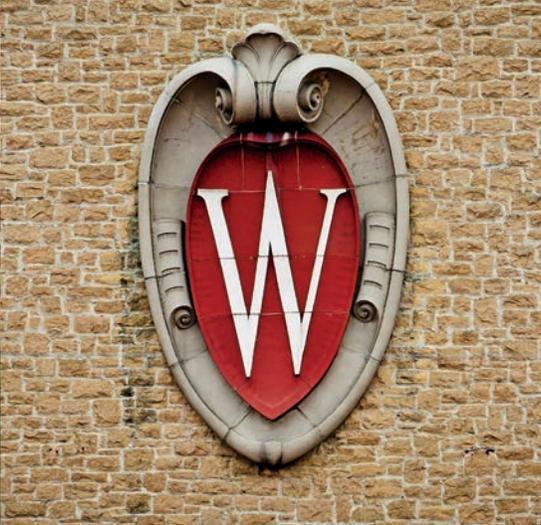




2012

UNIVERSITY OF
WISCONSIN FOUNDATION
ANNUAL REPORT
ON STEWARDSHIP



Innovation



UNIVERSITY OF WISCONSIN
FOUNDATION

The impact of the generosity of our donors

is depicted in the cover photos. Clockwise from top left: the iconic Abraham Lincoln statue graces the top of Bascom Hill (photo by Jeff Miller/University Communications); AVID/TOPS students find success at Madison, Wisconsin's East High School (photo by David Nevala); prototypes are created in the College of Engineering (photo by David Nevala); graduate student Tessa Peters has the opportunity to study organic plant breeding (photo by David Nevala); the sale of "Mendota Blue" chairs is helping to fund the Memorial Union Reinvestment project (photo by Jeff Miller/University Communications); and the Washburn Observatory's telescope's optics package was refurbished in 2012 thanks to private support (photo by Jeff Miller/University Communications).

2012

UNIVERSITY OF
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ON STEWARDSHIP

Innovation



UNIVERSITY OF WISCONSIN
FOUNDATION



THE UNIVERSITY OF WISCONSIN-MADISON is a seedbed for innovation and problem-solving. Our collective vision, combined with your generosity, has helped us build a university admired globally for its creative approaches to teaching, research and outreach.

We have supported change in the classroom through our Educational Innovation initiative, which aims to harness creativity to build a sustained campus environment that enhances student learning and improves our teaching capacities.

In the laboratory, we have encouraged creative new research partnerships that tackle some of society's most intractable problems. At the newly opened Wisconsin Energy Institute, scientists from across the campus—from engineers to environmental scientists to social scientists—are forging answers to our energy future. At the Wisconsin Institutes for Discovery, some of the world's brightest minds are working to create the potential for a fundamental transformation of human biology and medicine.

“We have supported change in the classroom through our Educational Innovation initiative, which aims to harness creativity to build a sustained campus environment that enhances student learning and improves our teaching capacities.”

In the arts, we are in the process of renovating the Wisconsin Union Theater and the west wing of the Memorial Union to provide a venue that will serve performers and audiences well into the future. And, we are planning for a new music performance facility to help train the next generations of performers.

We are also innovating our approach to philanthropy. The “Share the Wonderful” annual giving campaign used a multi-channel approach to reach alumni and underline the importance of annual giving to keep UW-Madison dynamic and vital. Your loyalty and generosity made the campaign a success.

On a personal note, my time as interim chancellor has come to a close. Judith and I would like to thank you for your support, your friendship and your advice during the past two years. Returning to this campus and experiencing its innovative spirit has been a true privilege. I know that Chancellor Rebecca Blank will enjoy your friendship and Badger commitment in years to come.

Thank you, and On, Wisconsin!

A handwritten signature in black ink that reads "David Ward". The signature is fluid and cursive, with a long, sweeping tail on the letter "y".

DAVID WARD
Interim Chancellor

THANKS TO SUPPORT FROM friends like you, the University of Wisconsin-Madison remains one of the world's top 20 research universities, according to the widely cited Academic Ranking of World Universities. This is a remarkable achievement for a public university in a small Midwestern state, and it is testament to a history of strong support from the state. It also is increasingly a reflection of your contributions. Thank you for the role you play in maintaining a vibrant, life-changing institution.

We recently thanked Interim Chancellor David Ward for moving the university ever forward, and we welcomed new Chancellor Rebecca Blank. Her outstanding academic credentials, executive experience and special expertise in financial management and economic development, position her well for this moment in our history. Chancellor Blank has a deep understanding of the financial pressures that impact public higher education and families in this country, and clearly understands the critical importance of non-state funds to the future of the university. We are excited to be working with her.

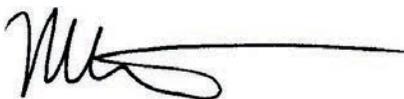
It is the Foundation's job to help facilitate the university's success and, as such, we seek to earn your confidence and trust by managing your funds prudently, providing regular updates on investment performance and the use of your funds, and working with campus colleagues to communicate the impact of your gift. And, of course, we aim to attract new donors, ensuring greater and enduring success of the programs funded by past investments.

I am pleased to report that we continue to improve our efficiency and effectiveness. In investment management, we have strengthened our team, reduced investment costs and positioned our portfolio to capture return in global capital markets. We have significantly improved the timeliness of our financial information for donors and the campus. We are working more closely than ever with the Wisconsin Alumni Association and the university to boost our efficiency in development and alumni engagement. This heightened collaboration includes a new shared data platform set to launch in 2014.

In 2012, "Share the Wonderful," the university's first integrated campus-wide annual giving campaign, encouraged alumni to participate in regular support of the discretionary funds of schools, colleges and the chancellor. The campaign's \$10 million goal was surpassed. Participation fell short of the goal, but we have an improved plan for the 2013 campaign. We also launched the Van Hise Society for our most generous donors to keep them better informed and bring them into closer contact with faculty and administrative leaders.

It is an exciting time at the UW Foundation, and I am confident that UW-Madison will remain one of the world's greatest universities for generations to come. Thanks to your generosity, I am pleased to report that in 2012 the UW Foundation transferred \$214.0 million to the university. The total value of new gifts and pledges was up seven percent to \$211,288,562 million with 109,891 gifts recorded. Our investment performance also beat its policy index of a global mix of equity and fixed income securities.

Thank you for all you do to support a great university.



MICHAEL KNETTER
President and CEO



"It is an exciting time at the UW Foundation, and I am confident that UW-Madison will remain one of the world's greatest universities for generations to come."

Innovation

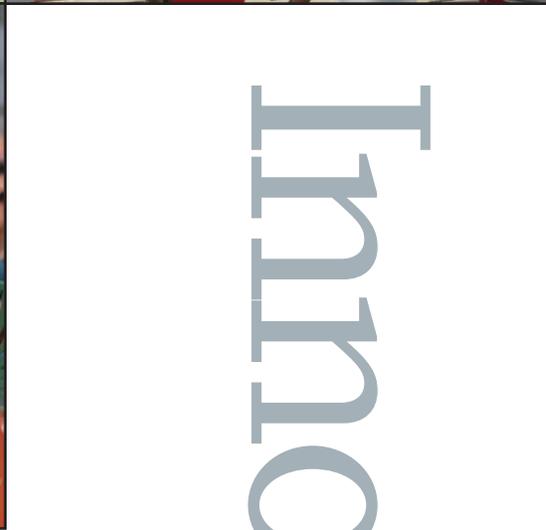
FOR MORE THAN 160 years, the University of Wisconsin-Madison has pushed the boundaries of what is known and the limits of what is possible. From Vitamin D to stem cells, the university's relentless pursuit of new knowledge has made this university a world leader in research, teaching and service. The university has created an environment that stimulates the imagination and encourages discovery; and a culture that has sparked innovative approaches to solving technological, medical and social problems. Talented students, faculty and staff have discovered creative ways to advance the arts and humanities.

Today, the UW-Madison finds itself in a challenging financial situation. The trends in state budgets, state funding of higher education and tuition affordability underscore the need for new approaches to delivering high quality education at a great public research university. The university urgently needs to unleash its innovative spirit on a problem that threatens its own organizational model.

In 2012, Interim Chancellor David Ward established the Year of Innovation, a campus-wide effort designed to improve student learning, increase capacity and generate new revenues through improvements in how the university's mission is carried out. This initiative calls upon the university to reinvigorate its longstanding commitment to innovation in how it teaches, conducts research and operates; to explore campus and community interactions and examples of innovation through social entrepreneurship, engaged scholarship and service learning; and to examine the real-world impact of UW-Madison innovations in the areas of technology transfer and knowledge transfer.

Educational innovation has empowered faculty and staff to be agents of change, and you will see within these pages how they inspire and lead innovative approaches to curriculum and research.





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innov8

IMPACT BY THE NUMBERS

109,891

The number of gifts made to support UW-Madison in 2012.

"This has always been his dream. The university is close to Chuck's heart. He believes in the UW because the UW believed in him."

— Mary Ann LaBahn

Former Badger swimmer Charles "Chuck" LaBahn ('49 PhB L&S), and his wife, Mary Ann, below, enjoy the LaBahn Arena, which opened in 2012. Photo by David Nevala.



LA BAHN ARENA IS STATE-OF-THE-ART FACILITY

The LaBahn Arena, the new \$27.9 million state-of-the-art hockey and swimming training and competition facility, is named after former Badger swimmer Charles “Chuck” LaBahn ('49 PhB L&S) and his wife, Mary Ann, the project's lead donors. Key in the creation of the facility was bringing the Badger hockey and swimming teams to a centralized campus location for practice, competition and student services.

The new building features men's and women's locker rooms, women's hockey offices and team rooms, renovations within the SERF swimming facility, and the expansion and addition of training rooms in the Kohl Center and LaBahn Arena.

“It is an amazing facility in all respects,” Chuck LaBahn said. “I think the swimmers are going to enjoy using this on a daily basis.”

Chuck, a two-time letter winner in swimming, and Mary Ann have supported other areas in athletics, including football, track and scholarships for student-athletes. They also have been long-time supporters of school and college initiatives and campus-wide projects.

\$25,759

Average total debt of UW-Madison undergraduates upon graduation.

For many promising students, a UW-Madison education would be out of reach if not for the financial aid provided by generous donors.



Great People Scholars, from left, Alyssa Sage, Asimina Pappas, Tressa Franzmeier and Maipa Thao, sport their Wisconsin Alumni Association Red Shirts on the Memorial Union Terrace. Proceeds from sales of the Red Shirt go directly to Great People Scholarships. Photo by David Nevala.

RED SHIRTS FOR BEST AND BRIGHTEST

Thanks to Great People Scholarships, the best and brightest students—regardless of socioeconomic status—can now attend the UW-Madison. Joining in the effort is the Wisconsin Alumni Association, which supports Great People Scholarships through its annual Red Shirt program. Proceeds from the sales of these popular t-shirts help fund several scholarships.

Biochemistry major Asimina Pappas is on track for a pharmacy career, while the Great People Scholarship allows Maipa Thao to focus on her studies as she pursues a dream of becoming a nurse. Tressa Franzmeier appreciates the choices the scholarship provides and is grateful that donors are willing to invest in the university and its students. The scholarships are an affirmation and inspiration, Alyssa Sage said. “I hope to show my appreciation by making my education worth the while and performing well.”

To learn more about the Red Shirt Great People initiative, visit uwalumni.com/theredshirt.

“Both John and Tashia have this view that they’ve been fortunate—not just because of their own personal skills, but that life has been good to them—and they should give back. Their mission has been to make life better for others, and that’s what they’ve done.”

— Carl Gulbrandsen, managing director of the Wisconsin Alumni Research Foundation

\$214

million was transferred to the University of Wisconsin by the UW Foundation to support people and programs.

MORGRIDGE PROFESSORSHIPS SPARK INNOVATION

Life has been good to John ('55 BBA) and Tashia ('55 BSE) Morgridge. For that they are grateful. This gratitude is seen in their desire to make life better for others. The University of Wisconsin-Madison has been the fortunate recipient of much of this gratitude. Most recently, they have endowed two professorships—one in the School of Education and a second in the Department of Geoscience.

The Tashia F. Morgridge Chair in Reading and Literacy supports an internationally recognized full-time faculty member with a vision for reading education.

In the Department of Geoscience, the Dean L. Morgridge Chair of Geoscience honors John’s brother, Dean Morgridge, who earned his bachelor’s and master’s degrees in geology from the UW-Madison in 1953 and 1955, respectively.

Pictured with the Morgridges is the Morgridge Chair in Reading and Literacy, Gay Ivey, right, who joined the School of Education faculty in 2012. Her research focuses on the development of productive and motivating classrooms for struggling young adolescent readers. Associate Professor Shanan Peters, left, was named Morgridge Chair of Geoscience in 2012. His work concentrates on better understanding the evolution of life and the environment through the innovative use of geoinformatics to explore the geologic record. Photo by David Nevala.



François OrtaloMagné

@fortalomagne



@UWMadison Chancellor Ward on key issue for educational innovation in **#higherred**: defining and implementing optimal scale

62.4%

of UW-Madison undergraduates received financial assistance.

WISCONSIN SCHOOL OF BUSINESS: REDEFINING EDUCATION

As part of the University of Wisconsin-Madison’s campus-wide focus on educational innovation, the Wisconsin School of Business is looking at new approaches to teaching by strengthening programs, leveraging excellence in experiential learning and expanding the reach of its best researchers.

The School’s Innovation Fund, which is underwritten by 10 School of Business alumni and the Wisconsin Real Estate Alumni Association, each of whom have invested \$300,000, is funding several priorities to enhance the student experience. The fund provides resources needed to consult with experts in curriculum and instructional design and to acquire the required technology for delivery. Current projects include a comprehensive curriculum review currently under way that will enhance every undergraduate- and graduate-level degree program and major.

Dean François Ortalo-Magné has challenged faculty and staff to clarify the benefits of an on-campus university education by articulating specific learning outcomes for students to achieve on five dimensions: Knowing, Doing, Being, Inspiring and Networking. The result is KDBIN, an unlikely acronym that is redefining business education. It includes the familiar “Knowing” or learning facts and concepts, and “Doing,” using that information. Students also are expected to have measurable results in “Being,” “Inspiring” and “Networking.” “Being,” or the understanding of who they are and how their values mesh with their profession, is especially critical for students,” said Suzanne Dove, special assistant to the dean. To learn more, visit futures.bus.wisc.edu.





INNOVATIVE RESEARCH FOR TREATING PTSD

Post-traumatic stress disorder (PTSD) is an invisible wound of war. Thousands of veterans returning from Afghanistan and Iraq are suffering from memories of combat. While PTSD is suspected of causing an alarming increase in the suicide rate among combat veterans, conventional treatments are successful for only 50 percent of those treated.

Researchers at the Center for Investigating Healthy Minds at the Waisman Center at UW-Madison are taking a new approach to understanding the brain mechanisms of PTSD. Jack Nitschke, a psychiatry professor in the School of Medicine and Public Health, is studying brain differences to find ways to pinpoint the most effective treatment for individual soldiers.

The study, funded entirely through private support, is using complementary and alternative programs to more effectively treat PTSD. Study participants have a brain MRI done before and after beginning meditation or psychotherapy. Results of the study are showing improved sleep, a reduction in chronic pain and an increased sense of optimism, among other benefits.

Armed with new biotechnology tools, William Aylward, a UW-Madison classics professor, above right, is leading a cross-disciplinary team of archaeologists and other scientists to the ancient city of Troy. New technologies are being used to learn more about the people who lived in the ancient city. "Although the site has been excavated in the past, there is much yet to be discovered," Aylward said. "If we take a closer look with new scientific tools for study of ancient biological and cultural environments, there is much to be found for telling the story of this world heritage site." Annual expeditions focus on advancing understanding about how science can inform the humanities and how the humanities can inform science. The first in a series of these expeditions, which are partially funded by an award from the College of Letters & Science and grants from the J.M. Kaplan Fund and INSTAP, will begin next summer. Photo by Henrike Kiesewetter, PhD.

100 WOMEN WALL RECOGNIZES WOMEN'S CONTRIBUTIONS

The sunshine bounces off of each piece of brightly colored glass in the 100 Women Wall, below, located in the common area of Nancy Nicholas Hall, the new home of the University of Wisconsin-Madison School of Human Ecology (SoHE). Each piece of glass bears the name of a woman recognized for her contributions to family, community and society. The building, dedicated in 2012, is named in recognition of 1955 SoHE alumna Nancy Johnson Nicholas and her husband, Albert "Ab" Nicholas ('52 BBA, '55 MBA), whose lead gift launched the campaign to restore and expand the historic building. Photo by Bryce Richter/University Communications.

Travis Leanna, right, an electrical engineering student at UW-Madison and participant in the PTSD study, served with the U.S. Marines in Iraq. He meditates daily and has completed training to be an instructor of yogic breathing techniques so he can help other veterans. Photo by David Nevala.





What does innovation mean for the **College of Agricultural and Life Sciences**?

Creative plant breeding efforts to feed the demand for organic food.

The fruits of Tessa Peters' labor taste sweet.

Seeding our future

Surrounded by plants in a UW-Madison greenhouse, Tessa Peters is in her element. Her love of the land and plant breeding sent her career plans careening from geophysics, the study of the earth and its environment in space, to agroecology, the study of the ecological processes that operate in agricultural production systems. A graduate student studying in the College of Agricultural and Life Sciences (CALs), Peters received an organic plant breeding fellowship, funded by the Clif Bar Family Foundation, which selected the UW to receive one of only four organic plant breeding fellowships that it granted last year—the first such fellowships ever awarded in the United States. To learn more about CALs, visit cals.wisc.edu. Photo by David Nevala.

AS A YOUNG GEOPHYSICIST Tessa Peters sailed around the world, mapping the ocean floor from aboard a large ship. But on shore leave in various countries, she discovered a passion that was deeply rooted to the land.

“I found myself staying on farms or talking to farmers and trying to find out about the local food system where I was visiting,” Peters said.

Her pursuit of that interest included a stint on an organic farm in Ecuador and returning to school for a bachelor's degree in agroecology. Last fall, she became a graduate student in the University of Wisconsin-Madison's plant breeding and plant genetics program in CALs.

Peters chose CALs based on the program's strength and faculty efforts in organic plant breeding. Agronomy Professor and Department Chair Bill Tracy, for example, breeds sweet corn for organic farming systems in addition to his work with conventional sweet corn.

Breeding efforts are needed to feed the demand for organic food, which for more than a decade has been the fastest

growing segment of the American food industry—yet little has been done to breed plant varieties designed to flourish in organic growing conditions. “There are opportunities and needs out there that aren't being met,” explained Tracy, who serves as Peters' advisor.

As a Seed Matters Fellow in Organic Plant Breeding, Peters will be in the vanguard of young professionals being trained to fill that gap. The fellowship provides Peters with five years of support.

Now in her second semester, Peters has embarked on research working with organic sweet corn to address several major problems growers face. Her efforts will include breeding for plants that can grow densely as a means to inhibit weed growth, thus reducing the need for labor-intensive weeding.

“Organic farmers face many challenging issues that haven't been adequately addressed by the plant breeding community to date,” Peters said. “It's exciting to know that I am working toward helping them achieve a more successful, sustainable future as the movement grows.” — *Nicole Miller*





Innovation doesn't happen overnight, but the best ideas endure.
The long-awaited Lakeshore Gateway corridor nears completion.
A vibrant cultural hub. With Babcock Hall ice cream.

Revitalizing the Wisconsin experience

ALMOST A CENTURY AFTER it was first proposed, the East Campus Gateway project on the University of Wisconsin-Madison campus nears completion. Committed to beautifying and preserving this iconic area of campus, the university in 2008 partnered with the Wisconsin Alumni Association (WAA) and many generous donors to reenergize efforts and enthusiasm for the project.

Completed thus far is University Square, the Chazen Museum of Art expansion, the Art Department's Art Lofts and the Pedestrian Mall. Remaining are the School of Music Performance Center, a campus home for Tandem Press, and some additions to the Lakeshore Gateway project, which include the Memorial Union renovation project and surrounding lakefront area.

Long considered the heart of campus, the area along the shore of Lake Mendota near Memorial Union is undergoing a major facelift. One of the most picturesque and idyllic campus spots in the nation is being transformed from an unattractive surface parking lot into a dedicated and vibrant area where students and alumni can gather

to enjoy and celebrate the Wisconsin Experience. "Who can resist a brat, draft beer and Babcock ice cream while enjoying festivities alongside scenic Lake Mendota?" said Mike Shannon, who along with his family is helping to ensure the Lakeshore Gateway project is completed. "The new renovations at the Memorial Union, Lakeshore and Alumni Park will create wonderful memories for future generations of UW students."

The Lakefront Gateway includes a new promenade and green space called Alumni Park, in commemoration of WAA's 150th anniversary. The park will create a walkway that connects the university's most popular gathering places—the shore of Lake Mendota and Library Mall—to the corridor that runs between the Red Gym and the Memorial Union, from Lake Mendota to Langdon Street.

This area has long served as the backdrop for students and alumni to relive college memories, and celebrate realized dreams and achieved goals that began at UW-Madison.

—Lynne Johnson

For Mike ('80 BBA) and Mary Sue ('81 BS HEC) Shannon, left, fond memories of their time at the UW-Madison prompted their generous support of the Memorial Union renovation project. Their gifts are funding the newly renovated Wisconsin Union Theater Performance Hall, to be known as Shannon Hall; the new Sunset deck; and the Alumni Park pier, to be named the "Goodspeed Family Pier," in honor of Mary Sue Goodspeed Shannon's family. To learn more about the Lakeshore Gateway project, go to unionreinvestment.wisc.edu and uwalumni.com/alumnipark. Photo by Andy Manis.

At the **Wisconsin Energy Institute**, innovation means sustainable clean energy that increases efficiency, diversifies the energy sector and supports the ecosystem.

Growing energy the holistic way

At the Wisconsin Energy Institute (WEI), researchers like Claudio Gratton are looking for ways to increase the nation's bioenergy supply while preserving ecosystems and maintaining biodiversity. Gratton, right, is especially interested in how growing biofuels like switchgrass, harm or benefit insects such as bees and lady beetles, which, he says, provide landscape services like pest management and pollination. The new building brings many of the Institute's 100 affiliated faculty members together in a facility designed to encourage collaboration. The state has approved Phase 2, which will add more laboratories that will be built with private funds. Photo by David Nevala.

LADY BEETLES AND ENERGY to power your car or your lights may not seem as if they belong in the same sentence until you visit Professor Claudio Gratton, an entomologist working in the Wisconsin Energy Institute (WEI) at the University of Wisconsin-Madison.

Insects and energy, you quickly learn, intersect when crops such as switchgrass are grown for fuel. "When you think about growing energy, you've got to put it somewhere," Gratton said. "If we change the landscapes, what is the impact on insects and pollination and pest suppression?"

Gratton joins scientists from chemistry, engineering and biological research in the first phase of the WEI building, which opened in April. "The neat thing is that if you look at anything in my past, there's nothing that would say I'm an energy researcher," Gratton said.

Gratton's research team considers the impact of bioenergy crops on insects and, by extension, birds, wildlife and humans. "Insects are our allies," he said, calling them ecosystem engineers that control harmful insects, pollinate crops

and decompose waste. "When they're not there, we notice."

The choice to grow vast fields of corn and soybeans using herbicides and insecticides, for example, has disrupted natural systems and eliminated biodiversity. The monocultures cause a decline in lady beetles that eat aphids and other pests. At WEI, researchers look at a crop's benefit or detriment to the entire ecosystem instead of just measuring its value by how much energy it can produce. Crossing traditional research boundaries from entomology to energy storage systems, WEI faculty are making game-changing discoveries to produce clean energy and conserve limited resources.

"If we do it right," Gratton said of WEI's research, "and select the right plants in the right place and manage them correctly, we have the potential for a crop that can be sold for our energy and supports wildlife."

To learn more about the Wisconsin Energy Institute, visit energy.wisc.edu.

— Ann Grawogl



Donors make innovation happen in **Mechanical Engineering**.
A \$1.5 million gift helps better prepare students for a dynamic industry.

Adding new dimensions to an old curriculum

Debbie Cervenka, right, believes that the UW-Madison has one of the “foremost schools of engineering in the country.” But she and her husband, Robert, could see the need to update manufacturing, measuring and other lab equipment, and they decided to provide the resources needed to add value to Department of Mechanical Engineering graduates. Their gift helps fund crucial new equipment purchases for undergraduate teaching labs. Photo by David Nevala.

IF YOU ASK MECHANICAL Engineering Professor Roxann Engelstad how engineering in the 21st century has evolved, her answer is one of both challenge and opportunity. “It moves so fast, it is hard to keep up,” said Engelstad, who holds the Stephen P. Timoshenko and the Bernard A. and Frances M. Weideman professorships.

In response to increased global competition and convergence of disciplines, the National Academy of Engineering (NAE) in 2004 called for a new model for engineering education. The NAE “Engineer of 2020” will be the product of a design-heavy curriculum. Rather

than focusing on single aspects of a problem, this new engineer will be a systems engineer, with the ability to take into account policy and social practice as well as foundational science.

As traditional engineering departments look for ways to adapt their curricula to produce these engineers, the Department of Mechanical Engineering is benefiting from a \$1.5 million gift from 1958 mechanical engineering alumnus Robert “Bob” Cervenka and his wife, Debbie. The gift is funding crucial new equipment purchases for undergraduate teaching labs.

Bob Cervenka co-founded Phillips Plastics in 1964 and served as its chief executive officer and chairman, while Debbie Cervenka worked as executive vice president and member of the board of directors until they sold the company in 2010. Seeking a way to give back, the Cervenkas settled on updating manufacturing, measuring and other lab equipment, which Debbie Cervenka said goes to the heart of what mechanical engineering is, and what the Department actually needed.

Engelstad put the gift to work enhancing the Department’s already strong hands-on curriculum and speeding its entry into the new era of engineering. In addition to updating labs with faster, smarter or more precise tools, the gift has helped the Department add new dimensions to existing courses.

In a quest to instill an innovative spirit in mechanical engineering students, the Department is offering more experience in design-oriented thinking. Building on new hands-on opportunities enabled by the Cervenkas’ gift, the Department is laying the foundation for an entirely new leg of the formerly three-legged curriculum. Where once mechanical engineering covered only mechanical systems, energy systems and manufacturing systems, it now includes design, innovation and systems engineering.

To learn more about Mechanical Engineering, visit engr.wisc.edu/me.

—Christie Taylor





How does the **Wisconsin Center for the Advancement of Postsecondary Education** support an innovative program? By assessing the success of hard-working high school students with college ambitions.

Collaboration encourages student **excellence**

AVID/TOPS IS A COLLABORATION between the Madison Metropolitan School District and the Boys & Girls Club of Dane County that is working hard—and succeeding—in putting high school students on the college path. AVID/TOPS prepares low-income and underrepresented students for four-year college eligibility and provides them with financial assistance.

AVID, which stands for “Advance-ment Via Individual Determination,” is a nationally recognized program that focuses on acceleration rather than remediation for students in the “academic middle.” These students have college ambitions and a willingness to work hard. TOPS, or “Teens of Promise,” is a program developed and implemented by the Boys & Girls Club of Dane County to complement the AVID curriculum.

“Kids in AVID/TOPS are outperforming their peers,” said Nichelle Nichols, chief academic officer at the Boys & Girls Club. “They looked the same (as a comparison group) academically in eighth grade. It tells a story.”

The success, she said, can be found through the results of studies

done by the Wisconsin Center for the Advancement of Postsecondary Education (WISCAPE), which is housed in the University of Wisconsin-Madison’s School of Education.

WISCAPE is studying the effects of the AVID/TOPS program on students’ postsecondary outcomes. The results show that AVID/TOPS students’ grade-point averages are higher, students are enrolling in more advanced placement and honors courses, they attend school more frequently, and they get into less trouble than a comparable group of their peers.

“The fact that we have independent assessment and evaluation gives us incredible credibility,” Nichols said.

“There’s a sense that raising expectations for kids, encouraging them to take rigorous courses and supporting this can make a difference,” said Eleni Schirmer at WISCAPE.

This unique collaboration between the school district, the Boys & Girls Club and the university, is valuable for everybody, she said. “It’s exciting to help these two worlds speak together.”

To learn more about WISCAPE, visit wiscapewisc.edu. — *Ann Grauwogl*

Wisconsin Center for the Advancement of Postsecondary Education (WISCAPE) assesses students’ progress in the AVID/TOPS program, which teaches them how to study and encourages accelerated outcomes. The program and assessment are funded through a combination of public and private dollars. The studies carried out by WISCAPE show increased academic success for students like these Madison East High School participants, clockwise from top left: Talia Brown, Branden Mead, Sergio Meza, Kaewsuwan Xiong, Mariah Vela and Marcus Robinson. Photo by David Nevala.

What does innovation mean at the [School of Nursing](#)?

Online resources at school nurses' fingertips with potentially life-saving benefits.

Nursing solutions make every day better

“My hope for the eSchoolCare project is that we can sustain and expand it so that we can support more school nurses to be current, confident and connected in their practice. The ultimate goal is improving the health and educational outcomes of children so that they can be healthy, in school and learning.”

— Lori Anderson, PhD, RN
Assistant Professor, UW-Madison
School of Nursing

GROWING UP WATCHING her mother, a school nurse, attend to students and provide health care at local schools, University of Wisconsin-Madison School of Nursing Assistant Professor Lori Anderson said she immediately loved the profession and the interaction with kids. So it's hardly surprising that Anderson went on to nursing school and became a school nurse herself.

Many years and a few degrees later, Professor Anderson has melded her on-the-job nursing experience with her research and entrepreneurial skills to develop *eSchoolCare*, a new online resource being commercially tested for school nurses who treat children with chronic conditions such as asthma, diabetes, severe allergy, cancer and mental health disorders. School nurses can use *eSchoolCare* on their iPads or laptops to help diagnose and respond to a variety of issues, some of which require rapid, life-saving information that they might not normally have at hand. Nearly 20 percent of all K-12 students in the United States come to school with chronic conditions.

eSchoolCare would not have been possible without the initial private support from Mary “Penny” Enroth and the Palmer Foundation, and Robert and Carol Heidemann. Their funding helped Anderson secure a three-year \$815,000 federal grant from the United States Health Resources and Services Administration, Division of Nursing. To date, *eSchoolCare* has been tested by 96 school nurses in 67 school districts, in 14 mainly rural counties in south-central Wisconsin. By the end of the term of the grant, Anderson projects that *eSchoolCare* will have been used to help approximately 34,000 children with chronic health conditions.

Partnering with the Wisconsin Center for Education Products and Services (WCEPS), Anderson and the School of Nursing have made *eSchoolCare* available to a national audience at eschoolcare.org. WCEPS is a non-profit, 501(c)(3) organization created to extend the impact of the university's educational innovations by developing and distributing the programs.

To learn more about the School of Nursing, visit son.wisc.edu.

— Phil Davis



2012 FINANCIAL REPORT

GIVEN THE EVER INCREASING impact that technology and the media has on the consumption of information, it is no surprise that coverage of the economy and financial markets has become omnipresent. Headlines that competed for our attention last year included the declining but stubbornly high domestic unemployment rate, the financial crisis in Europe and the ongoing attempt by most of the world's central banking institutions to encourage economic growth through low interest rates. In spite of these issues, there also were encouraging economic signs and positive investor sentiment that propelled the endowment portfolio to return 11.9 percent for the year.

The impact of your philanthropic support continues to make a significant difference. As of year-end, the University of Wisconsin Foundation had assets under management of more than \$2.754 billion; contributions totaling \$211 million, and \$214 million in

support transferred to or for the benefit of the University of Wisconsin.

The university continues to grow as a premiere institution exhibiting a tremendous impact on both the state of Wisconsin and the global community. Just as with the myriad of stories relating to the financial markets, there is no shortage of articles discussing the funding model challenges facing the university. The Foundation remains focused and committed to engaging those who care about the university in order to grow the increasingly necessary component of private support.

Portions of this financial report were drawn from the Foundation audit completed by an independent accounting firm. Copies of the complete audit are available upon request and are posted on the Foundation's website. The UW Foundation complies with all applicable federal and state reporting requirements.

Innovative teaching and learning happen everywhere at UW-Madison. Laptop computers provide another resource as students discuss questions and answers in small groups in an undergraduate class taught by David Abbott, professor of obstetrics and gynecology in the School of Medicine and Public Health, who developed the exercise as a way to encourage students to refine their analytical thinking and increase interaction with others in a large, lecture-hall setting. Photo by Jeff Miller/University Communications.

STEVEN HUDSON
Chief Financial Officer

THOMAS P. OLSON
Chief Investment Officer

STATEMENT OF FINANCIAL POSITION

Years ended December 31

ASSETS	2012	2011
Cash and cash equivalents	\$94,130,158	\$97,660,612
Income and redemption receivables	19,101,335	15,836,544
Prepaid expenses	390,076	754,307
Pledges receivable, net	62,936,438	65,123,218
Investments	2,553,112,295	2,332,445,573
Property and equipment, net	9,801,293	6,843,641
Real estate	2,292,010	2,316,952
Notes receivable	1,198,253	1,394,991
Other assets	11,139,675	10,531,336
TOTAL ASSETS	\$2,754,101,533	\$2,532,907,174
LIABILITIES		
Accounts payable	\$3,317,364	\$2,703,893
Pending investment purchases payable	23,005,633	888,579
Accrued expenses and other payables	5,446,357	3,617,137
Deferred compensation	1,467,887	1,426,961
Notes payable	1,065,461	1,598,192
Liability under split-interest agreements	41,388,885	40,424,355
Funds due to other organizations	289,446,585	276,932,637
TOTAL LIABILITIES	\$365,138,172	\$327,591,754
NET ASSETS		
Unrestricted	\$156,655,663	\$158,786,423
Temporarily restricted	1,383,220,110	1,214,730,355
Permanently restricted	849,087,588	831,798,642
TOTAL NET ASSETS	\$2,388,963,361	\$2,205,315,420
TOTAL LIABILITIES AND NET ASSETS	\$2,754,101,533	\$2,532,907,174

STATEMENT OF ACTIVITIES

Years ended December 31

REVENUES, GAINS (LOSSES) AND OTHER SUPPORT	2012	2011
Contributions	\$211,288,562	\$197,541,841
Interest and dividend income	22,593,729	29,332,822
Net investment gains (losses)	199,679,640	(95,806,291)
Other income	649,364	351,372
Total revenues, gains (losses) and other support	\$434,211,295	\$131,419,744
EXPENSES		
Payments to or for University of Wisconsin	\$214,000,111	\$211,663,494
Administrative expenses of Foundation*	36,563,243	33,852,739
Total Expenses	\$250,563,354	\$245,516,233
INCREASE (DECREASE) IN NET ASSETS		
Net assets at beginning of year	2,205,315,420	2,319,411,909
NET ASSETS AT END OF YEAR	\$2,388,963,361	\$2,205,315,420

* Includes fees paid to outside investment managers for their services.

EXPENSES



Architectural detail from the exterior of the School of Education Building. Photo by Jeff Miller/University Communications.

THE UNIVERSITY OF WISCONSIN FOUNDATION staff and Board of Directors believe strongly that expense management is a top priority in achieving good stewardship. An important part of stewardship for a charitable organization is the ratio of administrative expenses to contributions. Figures below show the Foundation's administrative expenses compared to contribution revenue for the past five years. Administrative expenses,

excluding investment expenses, are compared to contributions to reflect the cost of raising a dollar. Total administrative expenses include investment expenses incurred by the Foundation's external investment activity. These expenses are paid directly from the individual investment funds. Over the last five years, the Foundation's average cost of raising a dollar has been 13.1 percent, below national averages.

University of Wisconsin Foundation Administrative Expenses

as a percent of contributions

	Administrative Expenses (excluding investment expenses)	Total Contributions	Administrative Expenses (excluding investment expenses) as a % of Contributions
2012	\$25,542,171	\$211,288,562	12.1%
2011	24,329,445	197,541,841	12.3%
2010	21,036,415	165,667,842	12.7%
2009	20,882,697	156,118,593	13.4%
2008	25,339,190	160,979,453	15.7%
5-year totals	\$117,129,918	\$891,596,291	13.1%

Total Administrative and Investment Related Expenses

2012	
Salaries	\$13,457,691
Employee taxes and benefits	3,433,022
Contract labor and consulting	843,880
Depreciation	461,000
Bad debt expense	1,245,703
Insurance	285,466
Lease payments	89,666
Utilities	359,022
Professional services	521,286
Administrative services	222,945
Information technology and supplies	1,017,824
Advertising and brochures	1,496,775
Postage and express	289,823
Travel, meetings and special events	1,343,669
Equipment	43,340
Repair and maintenance	89,124
State and federal taxes	(3,869)
Real estate taxes	7,580
Supplies and miscellaneous	338,224
Administrative Expenses	\$25,542,171
Investment Related Expenses	\$11,021,072
TOTAL	\$36,563,243

Payments to or for the University of Wisconsin

2012	
Agricultural & Life Sciences	\$5,751,196
Arboretum	932,648
Athletics	15,829,779
Business	13,500,343
Continuing Studies	185,526
Education	4,577,813
Engineering	10,441,416
Graduate School	3,434,592
Human Ecology	1,154,621
International Studies & Programs	412,942
Law School	2,560,849
Letters & Science	44,054,870
Libraries	469,584
Medicine and Public Health	70,488,283
Miscellaneous	16,848,612
Multicultural Programs (Chanc Schol)	178,400
Nelson Institute Environmental Studies	625,069
Nursing	6,580,700
Pharmacy	2,323,631
Student Services Unit	4,117,979
Unrestricted	1,410,156
UW Hospitals and Clinics	1,539,733
Veterinary Medicine	5,111,501
Wisconsin Alumni Association	921,414
Wisconsin Union	548,454
TOTAL PAYMENTS	\$214,000,111

PLANNING YOUR ESTATE AND SUPPORTING THE UNIVERSITY

IN INCREASING NUMBERS, ALUMNI and friends are supporting the University of Wisconsin-Madison with planned gifts during their lifetimes and through their estates.

Gift planning integrates charitable giving into your overall financial, tax and estate planning to maximize benefits for you and for the UW-Madison. Gift planning can help you multiply both your financial rewards and your impact on campus.

A bequest is the simplest and most popular form of deferred gift supporting the university. More than 90 percent of deferred gifts are received from estate provisions, made through a simple will or trust. Other avenues to consider are various forms of life income gifts, gifted insurance policies and gifts of retirement plan assets.

If you are considering making a deferred gift, we recommend that you

consult with gift planners at the UW Foundation. Foundation staff members are experienced in working with individuals, attorneys and other financial advisors in the gift planning process. We can assist you and your advisors, explaining how life income plans work, identifying the correct legal names of campus departments and units, consulting on the type of gift best suited to your needs and providing language that will carry out your wishes.

Donors to UW-Madison use bequests and other deferred gifts to accomplish many goals. Some deferred gifts are flexible, giving campus leaders the discretion to meet the top priorities of the university, a growing focus in these trying fiscal times. Other planned gifts are directed to specific areas such as schools, colleges or departments, to benefit priorities such as scholarships or faculty support. Some deferred gifts are intended to be used outright, while

Number of Gifts Received

2012	
Bequests, trusts and insurance	114
Gift annuities (including deferred)	18
Charitable Remainder Trust	8
Total Foundation Deferred Gifts	140

others are directed to permanently endowed funds.

Endowment funds are those in which the principal is held and invested. The university then uses the earnings from an endowment fund for the purpose the donor has specified. Endowments provide a permanent stream of income to benefit the university.

The charts below detail the deferred gifts that the UW Foundation received in 2012. The Bequests, Trusts and Insurance category includes cash and assets received from individuals who have passed on and left gifts to the Foundation. The other categories refer to life income gifts, through which someone has made a gift but retained for themselves or gifted to others the right to receive income.

You have many options to consider when choosing to leave your legacy to benefit the UW-Madison. One decision is whether using a simple bequest makes the most sense for you or whether

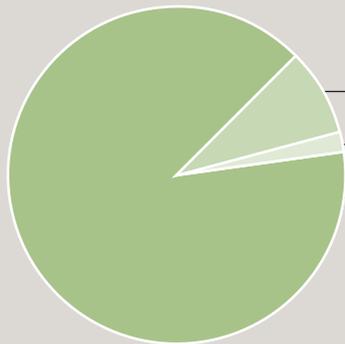
something like a life income gift better meets your needs. Our priority is to help you to achieve your philanthropic goals by facilitating a deferred gift that will best fit into your financial planning.

For a general bequest to support the university, we suggest language along the following lines:

“I hereby give, devise and bequeath to the University of Wisconsin Foundation, a non-profit, non-stock Wisconsin corporation with principal offices in Madison, Wisconsin, _____ percent (_____%) of the rest, residue and remainder of my estate (or alternately the sum of \$_____) for the general benefit of the University of Wisconsin-Madison.”

The Foundation also can supply sample language for other, more specific gift situations.

Year 2012



Charitable Remainder Trusts	\$ 4,012,139
Gift annuities	\$835,191
Bequests, trusts and insurance	\$42,229,207

Total Foundation Deferred Gifts \$47,076,537

ENDOWMENT FUNDS

ENDOWMENT FUNDS REPRESENT AN extremely important asset base that provides current and future revenues for the University of Wisconsin. The University of Wisconsin Foundation staff, along with the Investment Committee of the Foundation's Board of Directors, manages the endowment fund on a total return basis. This allows the endowment to be invested with a long-term perspective and an emphasis on diversified equity-related strategies.

Investments made in an endowment fund are selected to maintain annual spending, provide for expenses and ensure long-term growth of the principal. The Foundation 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. This rate, reviewed annually by the Board of Directors, was adjusted during 2010.

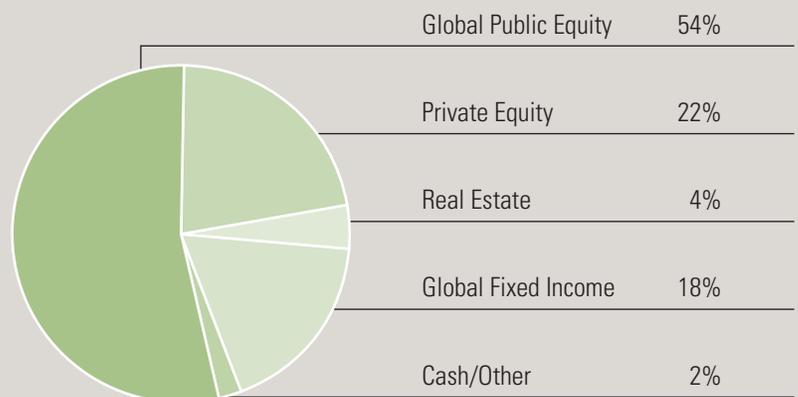
Performance

Average Annual Total Net Returns*		
1 year	=	11.9%
3 years	=	7.7%
5 years	=	1.2%
10 years	=	7.8%

* Net returns before the Foundation's expense recapture and internal investment fees.

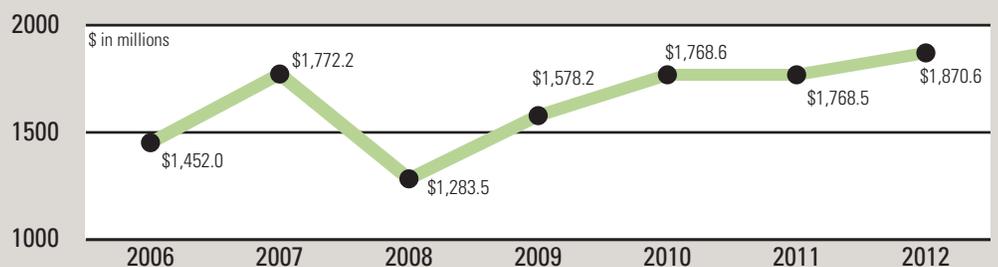
Asset Allocation as of December 31, 2012

Total Endowment Fund Assets \$1,870,572,245



Endowment Fund Assets 2006 – 2012

Endowment fund assets have grown from \$1,452.0 million as of December 31, 2006 to \$1,870.6 million as of December 31, 2012, as reflected in this graph at right. Approximately 110,000 gifts were received in 2012.



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Innovation

CONTINUING YOUR SUPPORT

OVER THE YEARS, YOUR commitment to and investment in the University of Wisconsin has established this university as one of the top 20 in the world. We thank you for your support. Your gift, whatever its size, does make a difference.

The Foundation's mission is to be the valued and trusted intermediary between the University of Wisconsin and its donors to ensure we maintain and advance one of the world's great universities through philanthropy. We face enormous challenges as we look to the future of this great university. Much is unknown. One thing we do know is that private support has become a critically important part of the equation leading to excellence. Thank you for your help in creating a brighter future for our university.

The Foundation offers a variety of gift options you may wish to explore. A member of the Foundation staff would be happy to meet with you, at no obligation, to answer any questions you may have.

Please contact us at 608-263-4545 or visit supportuw.org for more information or to make a gift online.

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The University of Wisconsin Foundation engages those who care about the University of Wisconsin, provides opportunities to enhance its teaching, research and outreach programs and guarantees ethical stewardship of the gifts received.

The return on an investment in the university is far reaching and never ending. This annual report on stewardship contains stories that illustrate the impact of your gifts and recognizes the critical role you play in the future of the university. It also describes the Foundation's investment strategy and performance.

If you would like more information about investing in the University of Wisconsin, please contact us at 608-263-4545 or uwf@supportuw.org or visit our website at supportuw.org. For more information on deferred gifts, contact the Office of Gift Planning at 608-263-4545.

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