



Connecting people, inspiring ideas



2013
UNIVERSITY OF
WISCONSIN FOUNDATION
ANNUAL REPORT
ON STEWARDSHIP



The generosity of our donors connects people and inspires ideas across campus and beyond. Clockwise from the top left:

James and Susan Patterson's passion for reading and promoting literacy inspires staff at the School of Education's Cooperative Children's Book Center (photo David Nevala); Flowering red tulips frame an ornate W crest icon (photo by Jeff Miller/UW-Madison); Michael Thornton and Nora Medina were so inspired by the generosity of John and Tashia Morgridge that they made a gift to connect their passion to their philanthropy (photo David Nevala); The new School of Nursing building will inspire innovative ways of learning in an environment designed specifically for nursing research and education (photo David Nevala); The pink flamingos returned to Bascom Hill in the fall of 2013 as part of the successful Share the Wonderful annual campaign (photo by Bryce Richter).

Connecting people, *inspiring ideas*

2013

UNIVERSITY OF
WISCONSIN FOUNDATION
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UNIVERSITY OF WISCONSIN
FOUNDATION

Thank you for playing a vital role in supporting the University of Wisconsin-Madison, one of the world's best universities. And thank you for staying connected. We need your ideas, inspiration and advocacy.



LETTER FROM THE CHANCELLOR



ANOTHER GLORIOUS MADISON SUMMER is drawing to a close, and thousands of students have returned to campus, transforming our quiet home into a hive of activity. Much as I love summer, I think the clear days, crisp nights and energy and excitement of a new school year make autumn the best season of all.

As I begin my second year as chancellor, I want to take this opportunity to say thank you. Thank you for playing a vital role in supporting the University of Wisconsin-Madison, one of the world's best universities. And thank you for staying connected. We need your ideas, inspiration and advocacy.

Let me take a moment to tell you about a few of the ways in which I hope you will connect with us this year.

First, take an active role in helping us to recruit the best and brightest students. Your words and enthusiasm really do matter. By talking about the value of a UW education, you are helping the UW to attract top-notch talent, both from within and outside the state.

Second, consider mentoring students through our career preparation programs. The newest

is the College of Letters & Science Career Initiative, which will engage the 182,000 L&S alumni living around the world to assist L&S students and alumni with career exploration through campus visits, webinars, LinkedIn and other social media — and, of course, we hope you will also consider developing or expanding internship opportunities for students.

Third, I hope you will play a role in the major fundraising campaign that is now in the planning stages. To support faculty in some of their exceptional and special projects — both educational and research oriented — we will need endowment support. And to continue to make sure that the UW is affordable, we will need scholarship funds.

Your financial support is vitally important, and I thank you for the contributions you have made.

On a personal note, I have been privileged to meet many of you this past year. I have been grateful for your friendship, warm hospitality and wise advice. You are living proof of the university's quality and impact.

On, Wisconsin!



REBECCA BLANK
Chancellor, University of Wisconsin-Madison

LETTER FROM THE PRESIDENT AND CEO

Growth and change are constants at the UW Foundation as we respond to the new opportunities and financial pressures surrounding public universities.

THANKS TO YOUR GENEROSITY, almost \$236.9 million was transferred in 2013 from the UW Foundation to support people, programs and facilities at UW-Madison. A total of \$267 million in gifts and pledges was received from 39,968 donors, a 26.3 percent increase over the previous year. The Endowment portfolio, driven by strong equity market returns and an additional boost from our asset allocation choices, was up by 16.5 percent versus 15.1 percent for the benchmark. The Endowment fund balance was nearly \$2.2 billion, with total assets under management at \$2.9 billion at year end.

Growth and change are constants at the UW Foundation as we respond to the new opportunities and financial pressures surrounding public universities. It is now more important than ever to raise, invest and steward private funds in the most efficient manner possible. Toward that end, we completed two major infrastructure projects during the summer of 2014 that will help transform our work. We combined forces with the Wisconsin Alumni Association to create a more coherent and seamless interaction for alumni and donors with the university and with each other. In addition, we launched a new technology platform

that will drive many of our important business processes in development, gift processing and stewardship. Taken together, the merger and the new IT system will allow us to better coordinate the many communications and events that underpin our engagement and development efforts.

Chancellor Rebecca Blank is working with the deans and other university leaders to chart the course for the university's future. Together with them, we will soon launch the university's fourth and most ambitious comprehensive campaign. Top campaign priorities will include support for recruiting and retaining top talent, ensuring access to qualified students regardless of financial background, enriching the educational experience in and out of the classroom, and pushing the boundaries of knowledge to address world problems.

Thank you for playing such an important role in one of the most successful public-private partnerships in the world. The University of Wisconsin is a rare institution that transforms the lives of young people from myriad backgrounds. We promise to steward your gifts in a manner that ensures the university continues to set the standard in ideas, discovery and leadership.



MICHAEL KNETTER
President and CEO, University of Wisconsin Foundation



Connecting people,

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inspiring ideas

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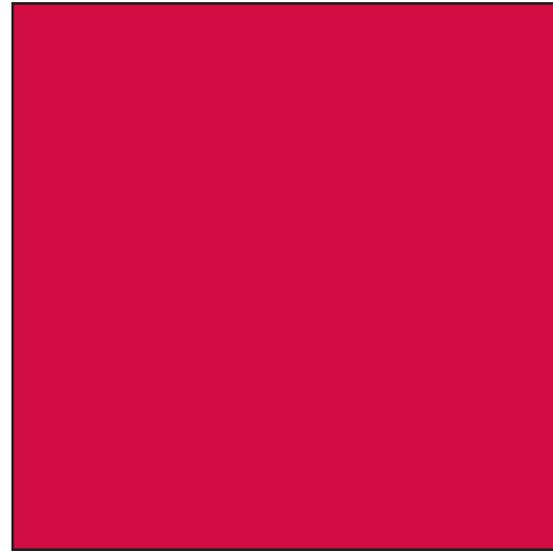
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Connections

INSPIRATION BY THE NUMBERS

123,615

The number of gifts made to support UW-Madison in 2013.

“My role is to make sure these scholarships are put into the right hands. I also want others to know the joy of giving and to be inspired to do the same.”

— Patricia Arndt

John Arndt’s niece, Patricia Arndt, and his nephews, Drs. George and Joseph Arndt, center, are joined by this year’s Arndt Family Scholars. Seated from left are Rama Shoukfeh, Tenzin Chonzin and Miles Buob; standing from left are Hloua Vang, Nick Debner, Jacob Bradford and Tenzing Dasal. Photo by David Nevala.





TICKLED PINK: FLAMINGOS RETURN TO BASCOM HILL

More than 425 Badger alumni and friends of UW-Madison made gifts to the Share the Wonderful annual campaign during a 24-hour mini-campaign last fall, exceeding the goal of 365. Flamingos, the university's favorite bird, covered Bascom Hill by the end of the 24-hour effort. Each flamingo signified a gift. The use of social media provided the perfect opportunity for alumni from throughout the world to participate in the annual campaign and to become part of a larger effort in support of the university. The Bascom Hill pink flamingos first appeared on Sept. 4, 1979, as part of what is widely considered to be one of the most successful pranks in the history of the university. Sponsored by the Pail and Shovel Party, the event tapped deeply into the university's reputation of being a creative and inspired place. In 2009, the flamingo was honored as the official bird of Madison.

CHANGING THE WORLD, ONE STUDENT AT A TIME

The Arndt Family Scholarship is about one man and his family wanting to change the world, one student at a time. For the Arndt Scholars, the full four-year, tuition-paid scholarship provides the financial freedom for them to pursue dreams and reach life goals.

John Arndt of Atlanta, Georgia, a 1954 accounting graduate, established the scholarship in 2007 to honor his mother, Anna, who understood the importance of a good education. Minority, first-generation, visually impaired or financially disadvantaged students who meet admissions requirements are eligible for the scholarship. A total of 30 full in-state scholarships are awarded each year.

Administering the scholarship fund and deeply involved in selecting the scholars is John Arndt's niece Patricia Arndt. Assisting her are her brothers Dr. Joe Arndt and Dr. George Arndt. At this year's reception for incoming scholars, both encouraged the students to "work hard" and "pay it forward."

Patricia established a good partnership between the Madison Metropolitan School District and the university. With the assistance of East High School principal Mary Kelley, 10 East High students received full scholarships in the first year.

"I want others to know the joy of giving and to be inspired to do the same," she said.

\$26,625

Average total debt of UW-Madison undergraduates upon graduation.

"This scholarship gives me the opportunity to fulfill my dream of obtaining a high quality education and to pursue a career that I not only love, but gives back to my community as well."

—Tenzin Chonzin, Arndt Scholar

“The WIF program offers an opportunity to make a difference both in being involved with outside communities, and while taking course credit. Because WIF requires that students who receive funding must do so for credit, their efforts must enhance the organizations they work with and their advancement toward a degree.”

— Michael Thornton

FINDING THEIR PASSION

First-generation students and students of color who have grown up in challenging circumstances tend to do better in college when they feel connected to the community, according to Michael Thornton, professor of African American studies, Asian American studies and sociology at UW-Madison. This gives them a critical mass, a home-away-from-home and a support system that helps them feel connected.

Thornton was director of the Morgridge Center for Public Service when John and Tashia Morgridge established the Morgridge Matching Gift Program. He understands well the opportunities this program has provided.

As part of this matching-gift program, Michael Thornton and Nora Medina established a fund that supports students in the Wisconsin Idea Undergraduate Fellows (WIF) program. An annual award is given to a student for a social innovation project that advances such goals as working to eliminate poverty and to close the achievement gap.

“When students are involved in the community ‘giving back,’ they identify with a larger meaning to life,” he said. “This keeps them motivated and often helps identify a passion and something beyond themselves.”

61.3%

of UW-Madison
undergraduates received
financial assistance.



“This award was created by a tight-knit group of Communication Sciences and Disorders Department alumnae. Not only did I receive funds toward my tuition, but I was able to meet many of these women. ...I could not be more excited to one day follow their example.”

— Kaylee Cullen, recipient of the 11th Loon Award

THE LOON AWARD CONNECTS ALUMNAE WITH GRADUATE STUDENTS

They earned their master’s degrees together in the 1980s from the Communication Sciences and Disorders Department and have stayed in close touch ever since. This tight-knit group of 12 alumnae stay connected online, and every couple of years, they get together for a reunion. To honor their friendship and support their alma mater, the group established an annual \$1,000 graduate-student scholarship called the Loon Award, which recognizes students who build a sense of community among their peers. Each member of the group contributes annually to

fund the Loon Award. Thus far, there have been 11 recipients. The most recent award winner is Kaylee Cullen, who last fall met many of these women at a conference in Chicago. “I saw firsthand how they embody the essence of their award, which is maintaining a sense of fellowship and community in the workplace,” she said. “Since then, I have kept in contact with them and have received very helpful career advice. I could not be more excited to one day follow their example and give back to the speech-language pathology graduate program at UW-Madison.”

Michael Thornton and Nora Medina want to see first-generation students and students of color graduate from UW-Madison and ultimately have a positive impact on the world. As part of the Wisconsin Idea Undergraduate Fellows program, their fund encourages students to make a difference by pursuing a community project that will help to close the achievement gap and eliminate poverty. Photo by David Nevala.





The legacy of a professor who pioneered sustainable design, the new Ruth Davis Design Gallery at the [School of Human Ecology](#) inspires all who enter.

Designed for design

DURING HER 30 YEARS as a professor in the School of Human Ecology, Ruth Danielson Davis showcased student work in the rooms, hallways and cabinets of the Human Ecology Building. Now, a \$4.6 million gift from her estate gives students better exposure for their work in a gallery setting.

The gift supports the Ruth Davis Design Gallery, named in her honor when the gallery moved into the school's new Nancy Nicholas Hall in 2012. Davis, who died in 2011, "recognized very early how important it is to give students the experience of critical public exposure of their work," said Virginia "Terry" Boyd, interim director of the Textile, Research, Education and Outreach (TREO) Design Lab. "It is essential in their growth as a design professional. The new gallery now gives students a professional environment for their work."

"Ruth's gift epitomizes a respected tradition of women's philanthropy, sends a wonderful message and sets a bar for faculty philanthropy," said School of Human Ecology Dean Emerita Robin

Douthitt, who knew Davis well. "She felt forever grateful for being a faculty member here, and her gift will undoubtedly inspire many to follow her powerful example."

In addition to students, the Ruth Davis Design Gallery offers a valuable venue to faculty and community artists, as well as a climate-controlled environment for visiting exhibitions, said School of Human Ecology Dean Soyeon Shim. "Davis's generosity not only provides a campus exhibition space, but it also supports the third-largest gallery in Madison," she added.

Growing up near Horicon Marsh, Davis viewed the natural environment as the source for sound design thinking and was a pioneer in green and sustainable design. She drew and photographed bark textures and incorporated rocks, reeds and flowing water into her textile panels. Davis created a technique for applying watercolors, dyes and inks directly to textiles, which she exhibited around the globe.

— *Lynne Johnson and Doris Green '70
BS L&S; '73 MA L&S*

Ruth Davis developed the artistic talents of thousands of undergraduate and graduate students, as well as UW-Extension workshop participants. She authored a textbook and initiated the school's early exhibitions of student work. Ericka Napp, left, exhibited "When the Tables and the Walls Begin to Talk" in the Ruth Davis Design Gallery as part of her MFA degree in design studies. Like Davis, she seeks inspiration from the natural world. Every object was crafted in porcelain. The gallery holds exhibitions that relate to the processes and results of design and creates a visible entity for the Center for Integrative Design. To learn more about the Ruth Davis Design Gallery, visit designgallery.wisc.edu. Photo by David Nevala.

It all adds up for the **Wisconsin School of Business** when PwC matches partner and staff contributions for a \$1.1 million gift toward the future of accounting education.

One degree, 360 degrees of opportunity

Terry Warfield, PwC Professor in Accounting, leads the way in educating the next generation. He is the faculty coordinator of Introductory Financial Accounting, a required course for all School of Business students, and he leads the accounting department's innovative Ethics and Professionalism Program. The PwC Chair received a major boost in 2013: a \$550,000 gift from active and retired PwC partners and staff, many of whom are University of Wisconsin-Madison alumni, was matched by PwC US for a \$1.1 million investment in the future of accounting education. To learn more about the Wisconsin School of Business, visit bus.wisc.edu. Photo by David Nevala.

IT'S THE LANGUAGE OF business. It's how companies keep score. It's accounting, and it's launched alumni from the Wisconsin School of Business into career paths all over the world.

"I can usually connect with a Wisconsin accounting alum in most major cities that I visit," says Terry Warfield, an accounting professor and chair of the Accounting and Information Systems Department. "I have former students who have ascended to top positions at a variety of organizations — as partners in public accounting firms, controllers or chief financial officers — and some, after working as practicing accountants, are now pursuing academic careers and educating the next generation of accounting professionals."

"I am honored to be recognized with the PwC Professorship," Warfield said. "I can't emphasize enough the importance of this relationship and how much we value it."

"I'm proud to say I had this idea two years ago, and I worked on it with my colleagues to make it happen," said Ray Wilson, PwC partner and liaison to

UW-Madison. "With this donation, we are investing not only in the students, but in the future of the accounting profession."

PwC has supported colleges and universities and their students with more than \$49 million since 2008. The funds have been used for a variety of curriculum enrichment initiatives, faculty learning programs and other faculty and student support. Already, the gift to the Wisconsin School of Business is enabling accounting students at the school to receive more personalized instruction in introductory classes.

"When I became dean, I was delighted early on to hear of PwC's great satisfaction with our alumni who are five to 10 years out of school," said Dean François Ortalo-Magné. "Today, I am honored by this generous gift from our alumni and friends at PwC. We welcome their support of our outstanding faculty and co-curricular learning experiences for the benefit of our accounting students."

— *Brittney Mitchell and Kate Dixon*
'01 BA L&S; '07 MA L&S





As if saving lives wasn't enough, these UW physicians saved Danish studies at the [College of Letters & Science](#) with a gift from the heart.

The importance of being Danish

UW-MADISON BOASTS A STRONG tradition of teaching and research in Danish language and culture, due in no small part to the large immigrant populations from Denmark, the Netherlands and Germany that arrived in Wisconsin during the 19th century.

Danish culture, moreover, holds a unique place in the history of Europe, having influenced the cultures of Norway, Sweden and Iceland, while inspiring scholarship in Danish design and a passion for Scandinavian heritage among Americans.

Even so, budget reductions have fallen heavily on the languages and the humanities, with little outside funding to preserve the university's historic strengths in those disciplines. Thanks to a \$2 million gift from Drs. Paul and Renate Madsen last October, the UW-Madison College of Letters & Science will remain strong in Danish studies.

The Madsens, both longtime faculty members in the UW-Madison School of Medicine and Public Health, honored their family's heritage by establishing the Paul and Renate Madsen Professorship in Danish. Paul Madsen, who died on Nov. 4, 2013, grew up on a farm in rural Denmark before attending the University of Copenhagen. During a fellowship at the University of Heidelberg, Paul met Renate, a German medical student.

"Paul and Renate Madsen's gift is an extraordinary legacy," said John Karl Scholz, L&S dean. "Thanks to this gift, future generations of Badgers will be able to learn about this historically important language and culture for years to come. The Madsen gift ensures continued excellence in Danish studies, which will ultimately strengthen our German and Scandinavian programs."

— *Megan Costello '07 BA L&S;
'13 MA SLIS*

Dr. Renate Madsen who displays a portrait of her late husband, Dr. Paul Madsen, was an anesthesiologist and role model for female medical students and physicians in a male-dominated environment. Growing up, the family's heritage was a central part of their home and family life. They were raised German-American, and Paul remained an active Dane. He was made a Knight of the Order of Dannebrog by Denmark's Queen Margrethe. The painting in the photo depicts the family farm in rural Denmark, where Paul grew up and where he and Renate were married.

Three children and five of the Madsens' grandchildren have continued the Badger tradition, and their philanthropy is a way to ensure future generations will continue to have access to outstanding educational opportunities. Photo by David Nevala.

Connecting nursing students to state-of-the art facilities
just got a lot easier at the new **School of Nursing**.

School of **Nursing** no longer in**visible**

University of Wisconsin-Madison School of Nursing Dean Katharyn A. May and nursing students Eric Tourbier, Katja Kane-Foempe and Brittani Strait tour the lobby of the new School of Nursing building. Named in honor of one of the school's most generous advocates, Signe Skott Cooper, the building, which was previously tucked away in the Clinical Science Center, now stands proudly on the health sciences campus. Cooper Hall has an open, airy design, a two-story atrium and a 300-seat auditorium as well as wired, interactive classrooms and four different clinical simulation environments. It was designed to support best practices in nursing and interprofessional health education. Photo by David Nevala.

IT TOOK ALMOST 30 YEARS, but if you ask Dean Katharyn A. May, she'll tell you it was well worth the wait. "For the first time in our school's 90-year history," she said, "we have an environment specifically designed for nursing research and education."

The new home for the School of Nursing is located in the heart of the University of Wisconsin-Madison's growing health sciences campus. Previously tucked away in the Clinical Science Center, the school was virtually invisible.

Named in honor of Signe Skott Cooper, the state-of-the-art facility recognizes Cooper's lifelong commitment to the school. Cooper, who graduated in 1948 from the School of Nursing, campaigned diligently for the new building. In 2012, she helped break ground for the project that she so generously supported. She closely followed construction progress until her death in July 2013.

Dean May has a deep sense of gratitude to those who believed in the project early on. "Visionary women like Signe Cooper, Betty Spaeth, Barbara

Gruendemann and Sue Ryden made significant personal gifts that turned a dream into a reality," she said. Others who supported the project include Steve Skolaski and Mary Gulbrandsen of the Rennebohm Foundation, both of whom played a crucial role in championing the project; Linda Procci, who chaired the campaign steering committee; Connie Curran; Keith and Barbara Weikel; the UW Hospital and Clinics; Unity; the UW School of Medicine and Public Health; and the UW Medical Foundation as well as many other alumni and friends of the School of Nursing.

The \$53.3 million, five-story building, which opened this fall, features what is probably the largest collaborative-learning classroom complex in the country.

"Cooper Hall will permit at least a 30 percent expansion in faculty numbers and overall enrollment in the coming years," Dean May said. "With an aging population and increasingly complex health care, the demand for a well-educated nursing workforce will be significant."

— Lynne Johnson





James and Susan Patterson strengthen their commitment to literacy and teaching at the **School of Education** for maximum impact.

If you can **read** this, thank a **teacher**

JAMES PATTERSON, THE AWARD-WINNING and best-selling mystery and children's book author, was recently asked why he and his wife, Susan Solie Patterson, decided to double their commitment to help train the teachers of tomorrow who are attending UW-Madison's School of Education.

"Sue made me do it," James joked of Susan, a two-time All-America swimmer at UW-Madison in the late 1970s who earned bachelor's and master's degrees from the School of Education.

He quickly added, "Seriously, we were both delighted to do it. So far, our relationship with the UW's School of Education has been flawless. We love the results, and we love the school."

Indeed, the ongoing relationship between the Pattersons and the School of Education should come as no surprise.

"Teachers are frequently underrated," said Susan. "Who inspires young people more than teachers and coaches? Simply said, if you can read this, thank a teacher."

The 16 James B. and Susan Solie Patterson Student Awards go to both

undergraduate and graduate students training to teach English, math or science. "The costs of college can form an economic barrier to many exceptional students," said School of Education Dean Julie Underwood. "The Patterson scholarships have been tremendously important in providing opportunities for students and in allowing us to recruit the best and most diverse students to the School of Education."

The Pattersons also support UW-Madison's School of Nursing and two student-athlete Badger swimmers.

"It's great to be able to give to the school that's given so much to me and my family," said Susan. "My parents were Badgers. I was born a Badger. I love Madison, and I can't imagine a better, more satisfying way to stay involved with UW-Madison."

— *Todd Finkelmeyer '92 BS L&S*

In 2008, James Patterson created **ReadKiddoRead.com**, a website designed to help parents, teachers and librarians spark kids' excitement about reading. Staff with the School of Education's Cooperative Children's Book Center (CCBC) contribute book reviews to the website. "Book ownership can make a tremendous difference in a child's life," said CCBC director Kathleen T. Horning. "**ReadKiddoRead.com** is a trusted resource for parents who are looking for just the right books for their own children." Chris Watermolen, shown here reading to his son, Huck, shares the Pattersons' passion for promoting literacy and book ownership to children. Learn more about the CCBC at ccbc.education.wisc.edu. Photo by David Nevala.



Connecting people, inspiring ideas

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.





2013 FINANCIAL REPORT

THE FINANCIAL MARKETS FACED many headwinds last year, yet they produced strong performance with the U.S. and many developed markets experiencing double-digit stock market returns. Throughout the year, events such as the slow-moving U.S. recovery, lingering concerns about the Eurozone debt problem and apprehension about central bank policy decisions worried investors. In spite of these issues, the low inflation environment, a revival in manufacturing productivity and increased consumer spending contributed to boost in market confidence.

During 2013, the Endowment portfolio was positioned with an emphasis toward public stocks and private market investments. Given the strong equity returns for the year, the strategic decision to invest more in equities and less in bonds proved to be beneficial and led to outperformance. For the year, the Endowment portfolio returned 16.5 percent versus 15.1 percent for its benchmark.

The diversified global portfolio continues to be invested in a cost-conscious

manner, seeking to provide current spendable income while protecting purchasing power over time. Our commitment to prudently investing donor gifts remains as strong as ever as we continue to seek out and work with those who care about the university.

Financial highlights for 2013 included total assets under management of more than \$2.894 billion, including an Endowment portfolio with \$2.191 billion. In addition, philanthropic gifts and pledges received during the year totaled \$267 million, and \$236.9 million in support was transferred to or for the benefit of the University of Wisconsin.

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

Human connections and inspiring ideas happen everywhere at UW-Madison.

Tom Bryan, top left, program coordinator of the Greenhouse Learning Community, checks on the root systems of lettuce plants growing in a hydroponic container in the rooftop greenhouse at the Leopold Residence Hall. The learning community is designed for students to think, work and live in more sustainable ways. Adele Brumfield, above, director of the Office of Admissions and Recruitment, waves to thousands of spectators lining State Street during the Homecoming Parade. Aaron Bird Bear, academic adviser in the School of Education, and UW-Madison mascot Bucky Badger flash the "W" sign following the Chancellor's Convocation. Photos by Jeff Miller and Bryce Richter/University Communications.

JULIE VAN CLEAVE, CFA
Chief Investment Officer

STEVEN HUDSON
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION

Years ended December 31

| ASSETS | 2013 | 2012 |
|---|------------------------|------------------------|
| Cash and cash equivalents | \$173,968,891 | \$94,130,158 |
| Income and redemption receivables | 14,447,265 | 19,101,335 |
| Prepaid expenses | 974,503 | 390,076 |
| Pledges receivable, net | 63,667,411 | 62,936,438 |
| Investments | 2,818,891,585 | 2,553,112,295 |
| Property and equipment, net | 12,642,559 | 9,801,293 |
| Real estate | 3,116,026 | 2,292,010 |
| Notes receivable | 1,327,613 | 1,198,253 |
| Other assets | 12,386,675 | 11,139,675 |
| TOTAL ASSETS | \$3,101,422,528 | \$2,754,101,533 |
| LIABILITIES | | |
| Accounts payable | \$2,664,842 | \$3,317,364 |
| Pending investment purchases payable | 24,779,840 | 23,005,633 |
| Accrued expenses and other payables | 3,216,596 | 5,446,357 |
| Deferred compensation | 1,536,139 | 1,467,887 |
| Notes payable | 532,731 | 1,065,461 |
| Liability under split-interest agreements | 44,850,036 | 41,388,885 |
| Funds due to other organizations | 311,283,174 | 289,446,585 |
| TOTAL LIABILITIES | \$388,863,358 | \$365,138,172 |
| NET ASSETS | | |
| Unrestricted | \$191,273,037 | \$156,655,663 |
| Temporarily restricted | 1,324,837,275 | 1,079,396,034 |
| Permanently restricted | 1,196,448,858 | 1,152,911,664 |
| TOTAL NET ASSETS | \$2,712,559,170 | \$2,388,963,361 |
| TOTAL LIABILITIES AND NET ASSETS | \$3,101,422,528 | \$2,754,101,533 |

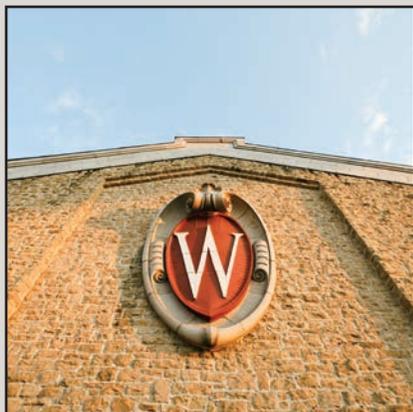
STATEMENT OF ACTIVITIES

Years ended December 31

| REVENUES, GAINS (LOSSES) AND OTHER SUPPORT | 2013 | 2012 |
|---|------------------------|------------------------|
| Contributions | \$266,855,030 | \$211,288,562 |
| Interest and dividend income | 29,209,433 | 22,593,729 |
| Net investment gains (losses) | 298,868,468 | 199,679,640 |
| Other income | 637,862 | 649,364 |
| Total revenues, gains (losses) and other support | \$595,570,793 | \$434,211,295 |
| EXPENSES | | |
| Payments to or for University of Wisconsin | 236,942,847 | 214,000,111 |
| Administrative and Investment Expenses* | 35,032,137 | 36,563,243 |
| Total Expenses | 271,974,984 | 250,563,354 |
| INCREASE (DECREASE) IN NET ASSETS | 323,595,809 | 183,647,941 |
| Net Assets at beginning of year | 2,388,963,361 | 2,205,315,420 |
| NET ASSETS AT END OF YEAR | \$2,712,559,170 | \$2,388,963,361 |

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

EXPENSES



THE UNIVERSITY OF WISCONSIN Foundation staff and the Foundation's 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 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 11.7 percent, well below the national average.

University of Wisconsin Foundation Administrative and Investment-Related Expenses

as a percent of contributions

| | Administrative Expenses (excluding investment expenses) | Total Contributions | Administrative Expenses (excluding investment expenses) as a % of Contributions |
|----------------------|---|----------------------|--|
| 2013 | \$25,316,044 | \$266,855,030 | 9.5% |
| 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% |
| 5-year totals | \$117,106,772 | \$997,471,868 | 11.7% |

Total Administrative and Investment-Related Expenses

| 2013 | |
|-------------------------------------|---------------------|
| Salaries | \$13,583,133 |
| Employee taxes and benefits | 3,447,728 |
| Contract labor and consulting | 1,530,380 |
| Depreciation | 573,236 |
| Unfulfilled pledges | 412,069 |
| Insurance | 311,776 |
| Lease payments | 90,608 |
| Utilities | 376,360 |
| Professional services | 378,641 |
| Administrative services | 268,708 |
| Information technology and supplies | 1,508,473 |
| Advertising and brochures | 956,226 |
| Postage and express | 273,400 |
| Travel, meetings and special events | 1,073,038 |
| Equipment | 45,027 |
| Repair and maintenance | 54,553 |
| Real estate taxes | 7,789 |
| Supplies and miscellaneous | 424,899 |
| Administrative Expenses | \$25,316,044 |
| Investment-Related Expenses | \$9,716,093 |
| TOTAL | \$35,032,137 |

Payments to or for the University of Wisconsin

| 2013 | |
|---|----------------------|
| Agricultural and Life Sciences | \$5,267,797 |
| Arboretum | 590,501 |
| Athletics | 55,567,033 |
| Business | 13,674,770 |
| Continuing Studies | 375,039 |
| Education | 3,853,052 |
| Engineering | 12,383,151 |
| Graduate School | 4,051,830 |
| Human Ecology | 5,837,815 |
| International Studies and Programs | 165,033 |
| Law School | 2,587,658 |
| Letters and Science | 24,027,866 |
| Libraries | 862,232 |
| Medicine and Public Health | 72,726,969 |
| Miscellaneous | 12,790,178 |
| Multicultural Programs (Chancellor's Scholarship) | 177,824 |
| Nelson Institute for Environmental Studies | 816,225 |
| Nursing | 4,927,095 |
| Pharmacy | 2,487,690 |
| Student Services Unit | 5,581,343 |
| Unrestricted | 1,422,627 |
| UW Hospital and Clinics | 1,991,491 |
| Veterinary Medicine | 3,823,662 |
| Wisconsin Alumni Association | 529,775 |
| Wisconsin Union | 424,191 |
| TOTAL PAYMENTS | \$236,942,847 |

PLANNING YOUR ESTATE AND SUPPORTING THE UNIVERSITY

The charts shown here detail the deferred gifts the UW Foundation received in 2013. The Bequests, Trusts and Insurance category includes cash and assets received from individuals who have died and left gifts to the Foundation. The other categories refer to life income gifts, through which donors have made a gift but also retained for themselves or their designated beneficiaries the right to receive income.

IN INCREASING NUMBERS, ALUMNI and friends are creating a legacy at the University of Wisconsin-Madison with planned gifts made during their lifetimes and through their estates. More than \$100 million in planned gifts have been received over the last five years, providing crucial support during a challenging fiscal period. Gift planning, a type of philanthropic giving, integrates charitable giving into a donor's overall financial, tax and estate planning to maximize benefits both for the donor and for UW-Madison. Examples of planned gifts include bequests, life income gifts, gifts of real estate and gifts of retirement plan assets.

Donors to UW-Madison can direct their planned gifts to accomplish many goals. Some deferred gifts are unrestricted, allowing campus leaders to fund the

current needs and priorities of the university. Other planned gifts are directed to specific areas such as schools, colleges or departments, or to specific priorities such as scholarships or faculty support. Some deferred gifts are intended to be used outright, while others are directed to permanently endowed funds. When deciding on a designation for a planned gift, it is important that donors consider the delay inherent to planned giving: what will be of greatest benefit to the university when the gift is ultimately received?

If you are considering taking advantage of the benefits of making a planned gift, we recommend that you consult with the UW Foundation's Office of Gift Planning. The staff is experienced in working with individuals, attorneys and other financial advisers; explaining

Number of Gifts Received

| 2013 | |
|-------------------------------------|------------|
| Bequests, trusts and insurance | 110 |
| Gift Annuities (including deferred) | 19 |
| Charitable Remainder Trust | 8 |
| Pooled Income Funds | 1 |
| Total Deferred Gifts | 138 |

how life income plans work; consulting on the type of gift best suited to your needs; identifying the correct legal names of campus departments and units; and providing language that will carry out your wishes.

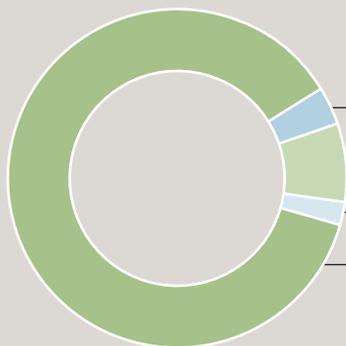
All individuals with estate plans benefitting the university are eligible to be enrolled in the Wisconsin Legacy Society, the Foundation’s recognition society for those whose gifts will provide support for the UW for generations to come. No minimum gift is required, and any information shared with us is non-binding. Current membership includes more than 1,500 individuals.

A bequest is currently the simplest and most popular form of planned gift supporting the university. More than 90 percent of the planned gifts received are from estate provisions made through a simple will or trust.

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 University of Wisconsin-Madison.”

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



Year 2013

| | |
|--------------------------------|--------------|
| Charitable Remainder Trusts | \$1,702,505 |
| Gift annuities | \$839,353 |
| Pooled Income Funds | \$500,000 |
| Bequests, Trusts and Insurance | \$20,070,607 |

Total Deferred Gifts \$23,112,465

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.

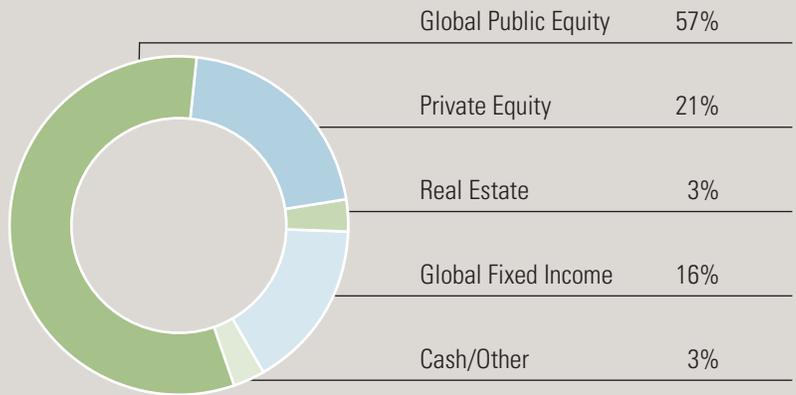
The table on this page shows the total return figures, and the circular chart shows asset allocation of the Foundation's Endowment fund as of December 31, 2013. The Endowment fund-asset allocation targets have been established to ensure overall portfolio diversification while providing a return necessary to meet the investment objectives.

Performance

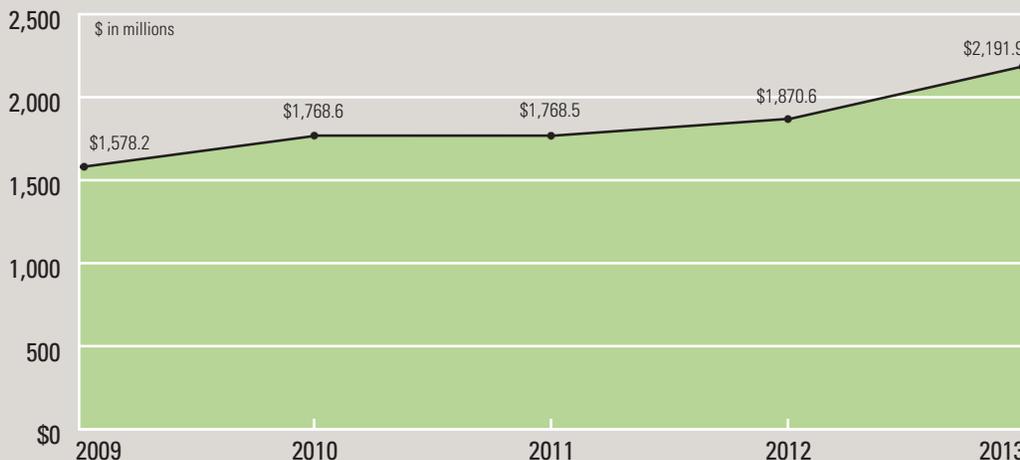
| Average Annual Total Net Returns | | |
|----------------------------------|---|-------|
| 1 year | = | 16.5% |
| 3 years | = | 9.2% |
| 5 years | = | 10.1% |
| 10 years | = | 7.2% |

Asset Allocation as of December 31, 2013

Total Endowment Fund Assets \$2,191,856,879



Endowment Fund Assets 2009–2013



Assets under management have grown from \$1,578.2 million as of December 31, 2009, to \$2,191.9 million as of December 31, 2013, as reflected in this graph. The Foundation received a total of 123,615 gifts in 2013..

| | | | |
|--|--|---|---|
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|--|--|---|---|



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, however, 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.

University of Wisconsin Foundation
1848 University Avenue
Madison, WI 53726-4090
uwf@supportuw.org



The University of Wisconsin Foundation engages those who care about the University of Wisconsin, provides opportunities to enhance its learning, 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.

EDITOR: Lynne Johnson

MARKETING COORDINATOR: Sue Zyhowski

PRODUCTION MANAGER: Debbi Peterson

WRITERS: Megan Costello, Kate Dixon, Todd Finkelmeyer, Doris Green, Lynne Johnson, Brittney Mitchell

PHOTOGRAPHY: David Nevala, with additional photos by Jeff Miller and Bryce Richter from University Communications

WEB AND MULTIMEDIA: Rob Lumley, Dan Treuter

DESIGN: Yael Gen design

PRINTING: American Printing Company, Madison, Wisconsin

Photos on opposite page by Bryce Richter and Jeff Miller/University Communications.

This annual report was printed on Wisconsin-manufactured paper with a minimum of 10 percent post-consumer fiber certified as originating from responsible sources and manufactured Process Chlorine Free.

University of Wisconsin Foundation
1848 University Avenue
Madison, WI 53726-4090

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