Consolidated Financial Statements and Report of Independent Certified Public Accountants

University of Wisconsin Foundation

June 30, 2018 and 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
University of Wisconsin Foundation

Report on the financial statements

We have audited the accompanying consolidated financial statements of the University of Wisconsin Foundation (a not-for-profit Wisconsin corporation), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Wisconsin Foundation as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules of expenses for the years ended June 30, 2018 and 2017, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Arlington, Virginia
November 30, 2018

University of Wisconsin Foundation
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS	2018	2017
Cash and cash equivalents	$ 130,916,735	$ 105,043,144
Income and redemption receivables	25,817,848	15,304,453
Prepaid expenses	1,567,945	2,209,309
Pledges receivable, net	122,589,146	131,720,292
Investments	3,860,699,207	3,653,235,317
Property and equipment, net	18,926,940	20,201,517
Real estate	9,276,327	2,889,362
Notes receivable	1,068,731	1,026,113
Other assets	4,105,199	3,707,056
TOTAL ASSETS	$4,174,968,078	$3,935,336,563

LIABILITIES AND NET ASSETS	2018	2017
Liabilities		
Accounts payable	$ 2,419,408	$ 2,918,308
Pending investment purchases payable	54,783,240	55,001,392
Accrued expenses and other payables	6,478,011	6,952,922
Deferred revenue	19,757,297	1,609,194
Deferred compensation	2,522,791	2,475,638
Liability under split-interest agreements	44,599,135	45,048,021
Funds due to other organizations	279,228,731	293,701,763
Total liabilities	409,788,613	407,707,238
COMMITMENTS		
Net assets		
Unrestricted	129,327,363	122,490,421
Temporarily restricted	1,883,399,918	1,745,855,111
Permanently restricted	1,752,452,184	1,659,283,793
Total net assets	3,765,179,465	3,527,629,325
TOTAL LIABILITIES AND NET ASSETS	$4,174,968,078	$3,935,336,563

The accompanying notes are an integral part of these statements.

University of Wisconsin Foundation
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support				
Contributions	$ 3,427,763	$ 243,940,881	$ 65,815,437	$ 313,184,081
Interest and dividend income	14,257,035	33,328,857	-	47,585,892
Net investment gains	7,489,342	206,284,739	-	213,774,081
Other income	4,278,495	1,831,487	-	6,109,982
Reclassifications of net assets due to changes in donor restriction and matching fund programs	(22,615,693)	(4,737,261)	27,352,954	-
Net assets released from restriction	343,103,896	(343,103,896)	-	-
Total revenues, gains and other support	349,940,838	137,544,807	93,168,391	580,654,036
Expenses				
Payments to or for University of Wisconsin	279,541,953	-	-	279,541,953
Fundraising expenses	25,720,620	-	-	25,720,620
Management and general expenses	37,841,323	-	-	37,841,323
Total expenses	343,103,896	-	-	343,103,896
INCREASE IN NET ASSETS	6,836,942	137,544,807	93,168,391	237,550,140
Net assets at beginning of period	122,490,421	1,745,855,111	1,659,283,793	3,527,629,325
Net assets at end of period	$129,327,363	$1,883,399,918	$1,752,452,184	$3,765,179,465

The accompanying notes are an integral part of this statement.

University of Wisconsin Foundation
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support				
Contributions	$ 1,658,936	$ 286,584,557	$ 50,206,470	$ 338,449,963
Interest and dividend income	9,790,154	23,792,001	-	33,582,155
Net investment gains	38,401,018	252,572,842	-	290,973,860
Other income	5,694,676	1,434,652	-	7,129,328
Reclassifications of net assets due to changes in donor restriction and matching fund programs	(18,135,839)	(3,166,755)	21,302,594	-
Net assets released from restriction	339,691,707	(339,691,707)	-	-
Total revenues, gains and other support	377,100,652	221,525,590	71,509,064	670,135,306
Expenses				
Payments to or for University of Wisconsin	253,168,819	-	-	253,168,819
Fundraising expenses	25,279,558	-	-	25,279,558
Management and general expenses	61,243,330	-	-	61,243,330
Total expenses	339,691,707	-	-	339,691,707
INCREASE IN NET ASSETS	37,408,945	221,525,590	71,509,064	330,443,599
Net assets at beginning of period	85,081,476	1,524,329,521	1,587,774,729	3,197,185,726
Net assets at end of period	$122,490,421	$1,745,855,111	$1,659,283,793	$3,527,629,325

The accompanying notes are an integral part of this statement.

University of Wisconsin Foundation
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Increase in net assets	$ 237,550,140	$ 330,443,599
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation of property and equipment	2,185,409	2,080,659
Net investment gains	(213,895,851)	(291,015,718)
Realized losses on sales of real estate	121,770	51,099
Realized (gains) losses on sales of property and equipment	(33,755)	10,020
Contributions to endowment funds	(65,815,437)	(50,206,470)
Contributions of real estate	(7,301,634)	(947,278)
Changes in operating assets and liabilities:		
Income and redemption receivables	(2,476,737)	3,349,298
Prepaid expenses	641,364	(686,637)
Pledges receivable	(3,667,030)	39,385,430
Other assets	(398,143)	238,661
Accounts payable	(498,900)	(1,180,615)
Accrued expenses and other payables	(474,911)	1,080,418
Deferred revenue	18,148,103	1,228,256
Deferred compensation	47,153	195,013
Liability under split interest agreements	(448,886)	1,347,184
Funds due to other organizations	(37,064,347)	22,275,052
Net cash (used in) provided by operating activities	(73,381,692)	57,647,971
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,293,123,834	2,317,401,256
Purchases of investments	(2,272,355,368)	(2,438,713,013)
Proceeds from sales of real estate	792,899	620,926
Proceeds from sales of property and equipment	41,000	-
Additions to notes receivable	(55,368)	-
Payments received on notes receivable	12,750	262,925
Purchases of property and equipment	(918,077)	(1,223,241)
Net cash provided by (used in) investing activities	20,641,670	(121,651,147)
Cash flows from financing activities		
Payments on notes payable	-	(2,742,708)
Proceeds from contributions to endowment funds	78,613,613	58,835,049
Net cash provided by financing activities	78,613,613	56,092,341
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,873,591	(7,910,835)
Cash and cash equivalents at beginning of period	105,043,144	112,953,979
Cash and cash equivalents at end of period	$ 130,916,735	$ 105,043,144
Non-cash operating and investment activities:		
Gifts of investments	$ 30,130,542	$ 77,476,459

The accompanying notes are an integral part of these statements.

NOTE A - ORGANIZATION

The University of Wisconsin Foundation (Foundation) is a private, not-for-profit organization formed to generate private support for the University of Wisconsin–Madison (UW–Madison). The Foundation, also doing business as the Wisconsin Foundation and Alumni Association, receives gifts and bequests, administers and invests funds held, and disburses payments to and on behalf of UW–Madison for the advancement of scientific, literary, educational, and athletic purposes.

The Foundation established the UW–Madison Supporting Organization, Inc. (Supporting Organization), which is a separate legal entity. The Supporting Organization holds certain tax-generating assets for the benefit and support of UW–Madison and the Foundation.

A summary of the Foundation's fund and account descriptions follows.

General Fund

The General Fund records amounts generally associated with operation of the Foundation and may include gifts that have not been restricted for a specific purpose by the donor.

Callable Fund

Callable funds reflect gifts made for a specific purpose designated by the donor, and may include funds designated by the Foundation board for specific purposes. At June 30, 2018 and 2017, none of the Foundation's callable funds were permanently restricted by a donor.

Endowment Funds

At June 30, 2018 and 2017, there were 5,071 and 5,102 funds, respectively, pooled in an endowment portfolio for investment purposes (Endowment Fund). Generally, the principal of the funds is to be kept intact with income from investments being distributed according to the wishes of the donor. For certain funds that are not permanently restricted, the donor may also request principal to be available for distribution. BNY Mellon serves as the custodian.

Life Income Accounts (Split-Interest Gifts)

At June 30, 2018 and 2017, there were 319 and 334 charitable trusts (Life Income and Life Estate Accounts), respectively, that have been created for and trusteed by the Foundation. U.S. Bank, N.A. serves as the custodian.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Basis of Consolidation

The Foundation and Supporting Organization financial statements have been consolidated pursuant to accounting principles generally accepted in the United States of America (U.S. GAAP). All significant inter-entity transactions are eliminated in consolidation.

Use of Estimates

When preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value due to the short maturities of these investments.

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates that the Foundation feels represent rates commensurate with the risk involved. The pledges receivable have been discounted at rates ranging from 0.71% to 5.98% as of June 30, 2018, and 0.58% to 6.80% as of June 30, 2017.

Investments

Investments are stated at fair value and are recorded on the trade date. Realized gains and losses on sales of investments are determined on an average-cost basis.

Investment securities are exposed to various risks including, but not limited to, interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Property and Equipment

Expenditures for additions and improvements are capitalized, while replacements, maintenance, and repairs that do not improve the useful lives of the assets are expensed as incurred.

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations using the straight-line method over the following estimated service lives:

Asset description	Life
Buildings	16 to 39 years
Land improvements	7 to 15 years
Exhibits	5 to 15 years
Office furniture and equipment	5 to 15 years
Computer hardware and software	3 to 15 years
Automobiles and trucks	4 to 5 years
Leasehold improvements	(1)

(1) The shorter of their estimated useful lives or the remaining terms of the related leases.

Notes Receivable

The Foundation evaluates the credit quality of the receivables and establishes an allowance for doubtful accounts based primarily on collection history using a combination of factors including, but not limited to, collection experience, economic conditions, and the note maker's financial condition. The Foundation writes off notes receivable as a realized loss when they become uncollectible. Notes become past due when principal payments are not received in accordance with the agreed-upon terms. Interest charged on notes receivable is recorded as interest income. As of June 30, 2018 and 2017, the Foundation believes that all notes receivable are fully collectible.

Deferred Revenue

The Foundation defers pledge revenue contingent on the occurrence of an event. The Foundation also accepts registration payments for programs or events that are scheduled to take place on defined future dates. Advance payments of this nature are deferred and not recognized as revenue until they are substantially earned.

Split-Interest Agreements

Assets contributed by donors under charitable remainder trust agreements and controlled by third parties are recognized at the present value of the estimated future distributions to be received by the Foundation during the term of the agreement. The Foundation records life income assets received at their fair value. The actuarially determined present value of the future annuity cash flow required to be paid to the donors or their beneficiaries is recorded as a liability in the consolidated statements of financial position. The Foundation records the difference between the fair value of the life income assets and the actuarially determined present value of future annuity cash flow as contribution revenue in the year when the asset is received. The Foundation recorded contribution revenue of $879,793 and $997,000 for the years ended June 30, 2018 and 2017, respectively, related to these agreements. Life income assets totaled $93,924,481 and $94,442,256 as of June 30, 2018 and 2017, respectively, and are included in cash and cash equivalents and investments in the accompanying consolidated statements of financial position.

Gift annuities are contracts between the Foundation and individual donors. Each contract involves a gift of principal to the Foundation and an obligation by the Foundation to make payments as specified in the contract. Any deficit in income to be distributed will be funded first from the principal donated and, if that is insufficient, from other Foundation assets. The gift annuity liability recorded as of June 30, 2018 and 2017, totaled $7,666,788 and $8,476,080, respectively.

Charitable Remainder Trusts, Charitable Lead Trusts, and Pooled Income Funds are gifts in the form of trusts. Income and/or principal from these trusts is distributed to the named beneficiaries in the amount specified by each written agreement. Upon termination of the trust at some future date, the remaining principal and income will be distributed as specified in the agreement. The total liability recorded for Charitable Remainder Trusts and Charitable Lead Trusts as of June 30, 2018 and 2017, totaled $35,819,203 and $35,320,363, respectively. The Pooled Income Funds liability totaled $483,300 and $681,758 as of June 30, 2018 and 2017, respectively.

The Foundation holds residential real property valued at $1,502,700 as of June 30, 2018 and 2017, subject to life estates retained by the donors. The liability associated with the life estates is recorded at $629,844 and $569,820 as of June 30, 2018 and 2017, respectively.

Net Assets

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

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Fair Value of Financial Instruments

For all financial instruments other than investments, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or need to pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date. In some circumstances, the entry and exit price may be the same; however, they are conceptually different. Note H discloses all required information.

Guarantees

In 1998, the Foundation entered into a guarantee and support agreement on behalf of the Center for Advanced Studies in Business, Inc. (CASB) to secure principal and interest payments on $10,880,000 of fixed-rate development-revenue bonds used in funding the construction of the Fluno Center. CASB has since obtained a $12,100,000 mortgage loan from Associated Bank. The Foundation also entered into a guarantee and support agreement to secure principal and interest payments on this new loan. The total loan outstanding as of June 30, 2018 and 2017, was $9,671,838 and $10,182,910, respectively. The loan is payable in quarterly installments through May 2020, when a balloon payment is due; including interest at a 2.71% fixed rate.

Contributions

The Foundation recognizes a contribution when it receives assets (financial or nonfinancial) from a donor that are specified for UW–Madison and other organizations within the University of Wisconsin System. The Foundation records contributions as revenues. All donations received by the Foundation specifically benefit UW–Madison and other organizations within the University of Wisconsin System.

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Administrative and Investment Expenses

Administrative expenses, not specifically identifiable with Callable or Endowment Funds or the Life Income Accounts and Life Estate Accounts, are recorded in the General Fund and are not allocated.

The Foundation has a policy of assessing an institutional advancement fee to the Endowment Fund at a rate of 1/4 of 1% at the end of each quarter. The amount assessed is based on the prior quarter's ending market value of the Endowment Fund. For the years ended June 30, 2018 and 2017, the amount assessed to the Endowment Fund was $28,880,574 and $25,408,723, respectively.

The Foundation charges internal investment staff and related support costs to both Endowment and Callable Funds. The Endowment Fund was charged $4,003,689 and $3,440,953, and the Callable Funds were charged $444,854 and $382,328 for the years ended June 30, 2018 and 2017, respectively. These expenses are internal allocations between the General Fund and the Endowment and Callable Funds. They are not reflected in the management and general expenses on the consolidated statement of activities.

Reclassifications

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation, with no impact on previously reported net assets.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Account Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASU No. 2014-09). The ASU is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date,* which deferred the effective date of ASU No. 2014-09 by one year. This ASU is effective for annual reporting periods beginning after December 15, 2018 and shall be applied using either a full-retrospective or modified-retrospective approach. Early adoption is permitted. The Foundation is currently evaluating the impact on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-02, *Leases*. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2019, and shall be applied using either a full-retrospective or modified-retrospective approach. Early adoption is permitted. The Foundation is currently evaluating the impact on the results of operations, financial condition, and cash flows and has not determined the impact on its consolidated financial statements at this time.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets and the information it presents in its financial statements about liquidity and the availability of resources, expenses and investment return, and cash flows. ASU No. 2016-14 is effective for annual reporting periods beginning after December 15, 2017, and it shall be applied retrospectively. Early adoption is permitted. The Foundation is currently evaluating the impact on the results of operations, financial condition, and cash flows and has not determined the impact on its consolidated financial statements at this time.

NOTE C - INCOME TAXES

The Foundation has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the Foundation is subject to federal and state income taxes on its unrelated business income, as a result of ownership in various investment entities.

The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open.

The Foundation is subject to federal income taxes and files state tax returns in various states. In addition to filing in its home state of Wisconsin, the Foundation files state income tax returns in 38 states.

Tax regulations within each jurisdiction are subject to the interpretation of the related laws and regulations and require significant judgment to apply. Tax years open to examinations by tax authorities under the federal statute of limitations includes calendar year 2015 and fiscal years ended June 30, 2016, 2017 and 2018. Open tax years under the various state statutes of limitations include calendar years 2011 to 2015 and fiscal years ended June 30, 2016, 2017 and 2018. For states where the Foundation has not filed a state return, all tax years remain open.

The Foundation, if applicable, recognizes interest accrued related to unrecognized tax benefits in interest expense and recognizes penalties in operating expenses. During the year ended June 30, 2018 or 2017, the Foundation did not recognize any material interest or penalties.

As of June 30, 2018, the Foundation has approximately $12,200,000 of federal net operating loss carryforwards available as a result of losses sustained related to its ownership in various investment entities. The Foundation also has approximately $10,100,000 of state net operating loss carryforwards available. These net operating losses have been offset by a full valuation allowance due to the uncertainty of realizing the benefit of the carryforwards in future years.

On December 22, 2017, tax reform legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the Act) was passed; resulting in significant modifications to existing tax law. There were no material effects on the Foundation’s financial statements as a result of the Act. Management is evaluating the ongoing impact of the Act on the Foundation.

NOTE D - CONCENTRATION OF CREDIT RISK

The Foundation maintains deposits in financial institutions that consistently exceed the Federal Deposit Insurance Corporation limit. The Foundation has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk.

NOTE E - INCOME AND REDEMPTION RECEIVABLES

Income and redemption receivables consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Proceeds receivable on investment redemptions	$ 8,541,022	$ 504,364
Investment income receivable	16,924,835	14,498,571
Interest receivable on notes receivable	351,991	301,518
	$25,817,848	$15,304,453

NOTE F - PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Unconditional promises to give before unamortized discount and allowance for uncollectible pledges	$133,154,116	$147,194,292
Less unamortized discount	(5,729,130)	(4,594,000)
	127,424,986	142,600,292
Less allowance for uncollectible pledges	(4,835,840)	(10,880,000)
	$122,589,146	$131,720,292
Amounts due in		
Less than one year	$ 28,282,918	$ 41,817,228
One to five years	74,140,491	72,816,016
More than five years	30,730,707	32,561,048
	133,154,116	147,194,292
Less unamortized discount and allowance	(10,564,970)	(15,474,000)
	$122,589,146	$131,720,292

NOTE G - INVESTMENTS

Investments consisted of the following as of June 30, 2018 and 2017:

	2018		2017	
	Cost	Fair Value	Cost	Fair value
Bond and debentures	$ 647,539,998	$ 642,721,986	$ 609,491,190	$ 609,881,112
Common stocks	448,158,640	541,655,597	357,617,762	419,961,955
Bond funds	619,364,599	671,559,142	663,298,197	714,798,779
Stock funds	742,942,359	1,265,184,235	752,793,203	1,154,873,804
Electronically traded funds	98,396,409	123,439,592	129,104,940	156,383,718
Hedge funds	62,308,292	87,846,687	42,773,693	63,082,370
Limited partnerships	316,741,357	316,039,512	320,227,792	338,627,219
Real asset funds	227,807,614	210,684,996	209,072,924	193,010,490
Other funds	1,730,365	1,567,460	2,751,460	2,615,870
	$3,164,989,633	$3,860,699,207	$3,087,131,161	$3,653,235,317

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB guidance establishes a fair-value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Foundation's assumptions (unobservable inputs). Determining where an asset or liability falls in that hierarchy depends on the lowest-level input that is significant to the fair-value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable

Level 3 - Unobservable inputs developed using the Foundation's estimates and assumptions, which reflect those that market participants would use

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Foundation evaluates its hierarchy disclosures each year, and, based on various factors, it is possible that an asset or liability may be classified differently from year to year.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the valuation methodologies used as of June 30, 2018 and 2017.

Investments and other assets - When quoted market prices are available in an active market, securities are classified in Level 1 of the fair-value hierarchy. If quoted market prices are not available or accessible, then fair values are estimated using pricing models, net asset value (NAV), matrix pricing, or discounted cash flow models. The fair value of securities estimated using pricing models or matrix pricing are generally classified in

Level 2 of the fair-value hierarchy. When discounted cash flow models are used, indicating there is limited activity or less transparency around inputs to the valuation, securities are classified in Level 3 of the fair-value hierarchy.

Alternative investments - The private equity, timber, real estate, oil and gas, and hedge funds, for which quoted market prices are not available, are carried at NAV per share or its equivalent. The NAV is used as a practical expedient. The NAV for alternative investments is based on the fair value of the underlying investments held by the fund, less its liabilities. Foundation management believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position as of June 30, 2018:

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Investments and other assets				
Corporate bonds	$ 507,571,528	$ 8	$ -	$ 507,571,536
Federal and state government securities	135,150,450	-	-	135,150,450
Equity securities	539,368,182	-	3,854,875	543,223,057
Bond funds	278,412,565	393,146,577	-	671,559,142
Stock funds	14,362,619	1,250,821,616	-	1,265,184,235
Electronically traded funds	123,439,592	-	-	123,439,592
	$1,598,304,936	$1,643,968,201	$3,854,875	3,246,128,012
Alternative investments, measured at NAV				
Private equity				316,039,512
Timber				5,434,478
Real estate				80,464,557
Oil and gas				124,785,961
Hedge funds				87,846,687
				614,571,195
Total investments at fair value				$3,860,699,207

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position as of June 30, 2017:

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Investments and other assets				
Corporate bonds	$ -	$ 423,878,461	$ -	$ 423,878,461
Federal and state government securities	-	186,002,651	-	186,002,651
Equity securities	417,674,540	-	4,903,285	422,577,825
Bond funds	326,696,673	388,102,106	-	714,798,779
Stock funds	14,419,999	1,140,453,805	-	1,154,873,804
Electronically traded funds	156,383,718	-	-	156,383,718
	$915,174,930	$2,138,437,023	$4,903,285	3,058,515,238
Alternative investments, measured at NAV				
Private equity				338,627,219
Timber				10,250,673
Real estate				64,338,068
Oil and gas				118,421,749
Hedge funds				63,082,370
				594,720,079
Total investments at fair value				$3,653,235,317

The following table presents additional information about assets and liabilities measured at fair value on a recurring basis that have been measured using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017:

	2018	2017	
	Equity securities	Equity securities	Stock funds
Beginning balance	$4,903,285	$4,490,947	$ 67,368
Total realized and unrealized gains (losses) included in net assets	(27,315)	787,958	34,196
Purchases	37,905	19,239	-
Settlements	(1,059,000)	(394,859)	(101,564)
Ending balance	$3,854,875	$ 4,903,285	$ -

The Foundation does not utilize any significant unobservable inputs as part of the fair-value measurement process for the Level 3 investments.

The Foundation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer.

The Foundation measures the fair value of investments in certain entities that do not have a quoted market price at the calculated NAV per share or its equivalent. The following tables present the fair value of the Foundation's investments in hedge funds, limited partnership funds, and real asset funds that were determined based on the NAV as of June 30, 2018 and 2017:

	2018			
Investment type	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds (a)	$ 87,846,687	$ -	Monthly - semi-annually	30 - 90 days
Limited partnership funds (b)	316,039,512	274,627,494	N/A	N/A
Real asset funds (c)	210,684,996	131,410,629	N/A	N/A

	2017			
Investment type	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds (a)	$ 63,082,370	$ -	Monthly - semi-annually	30 - 90 days
Limited partnership funds (b)	338,627,219	137,467,049	N/A	N/A
Real asset funds (c)	193,010,490	124,534,415	N/A	N/A

(a) Composed of various direct investments in hedge funds. The fair values have been estimated using the NAV per share of the investments. Investments with fair values comprising 1.31% and 2.15% of the fair value of this category as of June 30, 2018 and 2017, respectively, cannot be redeemed due to certain restrictions. Specifically, either the funds represented are in liquidation, or the remaining balance is held in an illiquid "side pocket." It is reasonable to assume that those investments with restrictions will be materially liquidated during the next two years.

(b) Composed of limited partnership funds that employ various strategies and are broadly categorized as either opportunistic, buyout, venture capital, or energy. These investments cannot be redeemed. The funds provide distributions only upon liquidation of the underlying assets. These funds are expected to be materially liquidated during the next 10 years. None of these limited partnership funds are expected to be sold. Therefore, the fair value of each individual investment has been estimated using the NAV.

(c) Composed of various real asset funds that primarily employ tactical or opportunistic strategies. These investments cannot be redeemed. The funds provide distributions only upon liquidation of the underlying assets. These funds are expected to be materially liquidated during the next 10 years. None of these real-asset funds are expected to be sold. Therefore, the fair value of each individual investment has been estimated using the NAV.

NOTE I - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Buildings	$13,131,812	$12,892,046
Land improvements	1,150,566	1,150,566
Exhibits	1,894,738	-
Office furniture and equipment	2,147,401	2,108,036
Computer hardware and software	11,969,345	11,637,878
Automobiles and trucks	191,640	115,990
Leasehold improvements	775,466	583,069
Construction in process	14,956	1,924,600
	31,275,924	30,412,185
Less accumulated depreciation and amortization	(12,851,514)	(10,713,198)
	18,424,410	19,698,987
Land	502,530	502,530
	$ 18,926,940	$ 20,201,517

NOTE J - REAL ESTATE

Gifts of real property received by the Foundation are valued and recorded based on the current fair values on the date received. Values are determined from publications, appraisals, and other sources that assist in establishing a fair value.

Real estate of the General Fund, Callable Funds, and Life Income and Life Estate Accounts consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Appraised value of a house in Maryland, given as a retained life estate interest in the property, held for the benefit of the UW–Madison School of Journalism and Mass Communication	$ 926,700	$ 926,700
Appraised value of property in Dodgeville, Wisconsin held for the benefit of the UW–Madison Department of Neurological Science	630,806	630,747
Appraised value of a house in Door County, held for the benefit of the UW–Madison School of Medicine and Public Health	-	613,535
Appraised value of a condominium in Madison, Wisconsin given as a life estate interest in the property, yet to be designated	576,000	576,000
Appraised value of property in Minnesota held for the benefit of the UW–Madison Department of Political Science	51,867	50,832
Appraised value of a condominium in California, yet to be designated	7,080,775	-
Other parcels of land	10,179	91,548
	$ 9,276,327	$ 2,889,362

NOTE K - NOTES RECEIVABLE

Notes receivable consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Joseph P. Bennett, interest accruing at 3% per annum, full payment due from maker's estate upon death	$ 300,000	$ 300,000
Gunnar and Lorraine Johansen, interest payable on due date at 4%, final payment due on the closing of the sale of the property, collateralized by properties in Mendocino County, California	139,584	134,216
Julie and Francis Monarski, interest payable at 7%, monthly interest payments of $500, final payment due in September 2022, unsecured	129,147	129,147
NxtMile, LLC, interest payable on due date at 8%, final payment due in December 2018, guaranteed by owner	100,000	100,000
WindLift LLC, interest payable on due date at 8%, final payment due in December 2018, guaranteed by owner	100,000	100,000
C-Motive Technologies, interest payable at 5% per year, final payment due in June 2019, guaranteed by owner	100,000	100,000
Robert D. McIntyre, interest payable monthly at 11%, due with principal in August 2010, collateralized by properties in South Lake Tahoe, California (a)	100,000	100,000
I'm Organic LLC, interest payable at 8% per year, final payment due in December 2018, guaranteed by owners	50,000	50,000
Stan Kosmides, interest payable monthly at 11%, final payment due in November 2011, collateralized by property in South Lake Tahoe, California	-	12,750
Fingers Crossed LLC, interest payable at 7% per year, final payment due in December 2019, guaranteed by owner	50,000	-
	$1,068,731	$1,026,113

(a) The above note is in default of original terms. The Foundation is currently extending the terms of this note with the parties listed above.

NOTE L - OTHER ASSETS

Other assets consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Cash value of life insurance policies, net of policy loans of $1,263 and $1,248, respectively	$4,006,685	$3,584,458
Alumni relations receivable	58,204	89,837
Other miscellaneous assets	40,310	32,761
	$4,105,199	$3,707,056

NOTE M - DEFERRED COMPENSATION

The Foundation has entered into deferred compensation agreements with one current officer and two former officers. Under these agreements, the receipt of compensation may be deferred.

In October 2014, the Foundation adopted another deferred compensation plan in accordance with IRC 457(b). The purpose of the plan is to offer eligible employees of the Foundation the opportunity to defer eligible compensation on a pretax basis.

IRC 457(b) limits the amount of annual compensation that may be elected for deferral and the manner in which the deferred compensation may be distributed. A liability of $2,522,791 and $2,475,638 for these plans is reflected on the consolidated statements of financial position as of June 30, 2018 and 2017, respectively.

NOTE N - NOTE PAYABLE

In February 2015, the Foundation entered into an unsecured-term note-payable agreement with U.S. Bank, N.A. The note bore interest at an annual fixed rate of 3.25% and was payable in monthly installments of $30,355 beginning March 1, 2015, through the maturity date of February 1, 2025. In October 2016, the board of directors approved an early payoff of this note. On October 31, 2016, the Foundation made a final payment of principal and interest of $2,658,296. There were no prepayment penalties or fees.

Interest expense totaled $-0- and $29,582 for the years ended June 30, 2018 and 2017, respectively.

NOTE O - FUNDS DUE TO OTHER ORGANIZATIONS

The FASB has established accounting standards for transactions in which a foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. The guidance specifically requires that if a not-for-profit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund, the foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as funds due to other organizations.

The University of Wisconsin Hospitals and Clinics Authority Fund (Authority) was established whereby the Foundation will receive and invest funds on behalf of the Authority. The sole purpose of the fund is to aid the Authority in its teaching, research, health-care delivery, and public-service roles. The principal balance and income earned are to be accumulated within this fund. As of June 30, 2018 and 2017, the fair value of the funds due to the Authority was $202,370,951 and $220,094,852, respectively.

The University of Wisconsin–Stevens Point Foundation (UWSPF) Fund was established in 2006 whereby the Foundation will receive and invest funds on behalf of UWSPF. The sole purpose of the fund is to provide UWSPF with the opportunity to take advantage of the investment resources of the Foundation. As of June 30, 2018 and 2017, the fair value of funds due to UWSPF was $34,675,825 and $32,300,141, respectively.

The University of Wisconsin–Green Bay Foundation (UWGBF) Fund was established in 2012 whereby the Foundation will receive and invest funds on behalf of UWGBF. The sole purpose of the fund is to provide UWGBF with the opportunity to take advantage of the investment resources of the Foundation. As of June 30, 2018 and 2017, the fair value of funds due to UWGBF was $33,168,852 and $32,793,701, respectively.

A number of additional funds established by the Foundation hold amounts due to other organizations for varying purposes. As of June 30, 2018 and 2017, the fair value of additional funds due to other organizations was $9,013,103 and $8,513,069, respectively.

NOTE P - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017, are restricted for the following purposes:

	2018	2017
Endowed chairs/professorships	$ 220,229,563	$ 214,373,141
Research programs	523,689,639	491,679,933
Undergraduate-student financial support	221,233,568	225,936,480
Graduate-student financial support	78,092,861	70,778,033
Faculty support	21,988,933	19,823,398
Building and grounds	123,313,339	140,214,197
Public service	20,489,469	19,071,639
Research equipment	2,893,552	3,296,993
Discretionary	453,142,883	377,159,036
Professional-student support	51,244,986	46,223,758
Other	167,081,125	137,298,503
	$1,883,399,918	$1,745,855,111

Net assets released from restriction by incurring expenditures that satisfy the designated purpose totaled $343,103,896 and $339,691,707 for the years ended June 30, 2018 and June 30, 2017, respectively.

NOTE Q - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2018 and 2017, consisted of the following, the income of which is restricted for the following purposes:

	2018	2017
Endowed chairs/professorships	$ 517,767,519	$ 477,081,938
Research programs	501,175,553	498,404,843
Undergraduate-student financial support	300,501,332	269,865,857
Graduate-student financial support	150,780,912	139,227,227
Faculty support	31,387,785	30,977,390
Building and grounds	3,260,410	3,238,582
Public service	20,308,465	20,186,850
Research equipment	2,516,782	2,516,782
Discretionary	90,070,748	85,580,006
Professional-student support	76,748,402	74,322,694
Other	57,934,276	57,881,624
	$ 1,752,452,184	$ 1,659,283,793

NOTE R - ENDOWMENTS

The Foundation's endowment consisted of 3,969 and 3,959 individual permanently restricted funds as of June 30, 2018 and 2017, respectively. These funds were established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and on state law.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit or implicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund
- the purpose of the Foundation and the donor-restricted endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Foundation
- the investment policies of the Foundation

Endowment net asset composition by type of fund is as follows as of June 30, 2018:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (4,474,437)	$ 477,956,117	$ 1,752,452,184	$2,225,933,864

Endowment-related activities by type of fund are as follows for the year ended June 30, 2018:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of period	$(7,869,360)	$412,803,684	$1,659,283,793	$2,064,218,117
Total investment gain	5,260,270	157,853,617	-	163,113,887
Contributions	-	1,335,125	65,815,437	67,150,562
Appropriation of endowment assets for expenditure	(1,258,591)	(82,318,951)	-	(83,577,542)
Institutional advancement fee	(324,991)	(19,035,711)	-	(19,360,702)
Transfers in for matching program	-	-	29,378,397	29,378,397
Net transfer to/from endowment funds	(281,765)	7,318,353	(2,025,443)	5,011,145
Donor-restricted endowment funds	$(4,474,437)	$477,956,117	$1,752,452,184	$2,225,933,864

Endowment net asset composition by type of fund is as follows as of June 30, 2017:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (7,869,360)	$412,803,684	$1,659,283,793	$2,064,218,117

Endowment-related activities by type of fund are as follows for the year ended June 30, 2017:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of period	$(35,809,139)	$309,330,825	$1,587,774,729	$1,861,296,415
Total investment gain	27,883,635	198,242,678	-	226,126,313
Contributions	-	-	50,206,470	50,206,470
Appropriation of endowment assets for expenditure	-	(78,269,882)	-	(78,269,882)
Institutional advancement fee	-	(16,983,460)	-	(16,983,460)
Transfers in for matching program	-	-	39,019,537	39,019,537
Net transfer to/from endowment funds	56,144	483,523	(17,716,943)	(17,177,276)
Donor-restricted endowment funds	$ (7,869,360)	$412,803,684	$1,659,283,793	$2,064,218,117

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets and were $4,474,437 and $7,869,360 as of June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the initial investment of permanently restricted contributions.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. The Foundation expects its endowment funds, over time, to provide an average rate of return commensurate with spending, inflation, and expenses annually. Actual returns in any given year will vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy appropriates 4.5% of the Endowment Fund value for distribution. Distributions are calculated on a quarterly basis, by applying 1/4 of 4.5% to the previous rolling 16 quarter average of the Endowment Fund value. In establishing its spending policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate consistent with core inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds transferred to or for UW–Madison during the year may include a combination of endowment funds available for distribution at the beginning of the year and funds made available as a result of current-year spending-policy allocations. Transfers may also include funds available within endowment funds that are not permanently restricted by the donor and other callable funds accounts.

NOTE S - LEASE OBLIGATIONS

The Foundation has several operating lease agreements for buildings, automobiles, and equipment that expire at various dates through November 2025. Total expense for operating leases was $830,084 and $807,967 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments as of June 30, 2018, are as follows:

Years ending June 30,	
2019	$ 823,803
2020	316,514
2021	262,664
2022	242,175
2023	241,635
Thereafter	562,856
	$2,449,647

NOTE T - COMMITMENTS

The Foundation entered into investment agreements and has the following outstanding investment commitments as of June 30, 2018 and 2017:

	2018	2017
Limited partnerships	$246,547,349	$126,978,299
Real asset funds	131,410,629	124,534,415
	$377,957,978	$251,512,714

The above outstanding commitments include only those entered into in U.S. dollars.

As of June 30, 2018 and 2017, the Foundation entered into investment agreements and has the following outstanding investment commitments in foreign currency:

	2018		2017	
	Original total commitment in foreign currency	Outstanding commitment remaining (U.S. dollars)	Original total commitment in foreign currency	Outstanding Commitment Remaining (U.S. dollars)
Limited partnerships	27,000,000 (Euros)	$ 9,566,180	17,000,000 (Euros)	$ 1,405,754
Limited partnerships	24,000,000 (Pounds)	18,513,965	14,000,000 (Pounds)	9,082,996
		$28,080,145		$10,488,750

NOTE U - RETIREMENT PLANS

The Foundation has a defined contribution retirement plan formed under Section 401(k) of the IRC, which covers substantially all of its employees. The Foundation annually contributes 10% of each employee's eligible compensation for the plan year. Total employer contributions to the plan were $1,908,176 and $1,776,856 for the years ended June 30, 2018 and 2017, respectively.

NOTE V - MAJOR CONTRIBUTORS

For the year ended June 30, 2018, the Foundation received contributions from one source that constituted approximately 23% of total contribution revenue. For the year ended June 30, 2017, the Foundation received contributions from two sources that constituted approximately 24% and 10%, respectively, of total contribution revenue.

NOTE W - SUBSEQUENT EVENTS

The Foundation evaluated its June 30, 2018, consolidated financial statements for subsequent events through November 30, 2018: the date when the consolidated financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

University of Wisconsin Foundation
SUPPLEMENTAL SCHEDULE OF EXPENSES
Year ended June 30, 2018

	Fundraising expenses	Management and general expenses	Total expenses
Salaries	$12,441,376	$10,773,465	$ 23,214,841
Investment management fees	-	13,328,719	13,328,719
Employee benefits	3,353,417	3,141,454	6,494,871
Unfulfilled pledge allowance	-	3,370,509	3,370,509
Marketing and promotions	2,909,586	361,350	3,270,936
Supplies and equipment	1,251,876	1,526,809	2,778,685
Depreciation	1,171,212	1,014,197	2,185,409
Meetings and events	2,145,315	7,593	2,152,908
Consulting and contractor services	741,107	1,148,787	1,889,894
Facilities	612,693	729,610	1,342,303
Professional services	132,897	676,648	809,545
Administrative/other	215,117	571,873	786,990
Travel and entertainment	509,555	238,262	747,817
Taxes	-	623,896	623,896
Insurance	133,377	238,881	372,258
Utilities	103,092	89,270	192,362
Subtotal	$25,720,620	$37,841,323	$ 63,561,943
Payments to or for University of Wisconsin			279,541,953
Total expenses			$343,103,896

University of Wisconsin Foundation
SUPPLEMENTAL SCHEDULE OF EXPENSES
Year ended June 30, 2017

	Fundraising expenses	Management and general expenses	Total expenses
Agency fund transfers	$ -	$23,092,469	$ 23,092,469
Salaries	11,744,795	10,626,243	22,371,038
Investment management fees	-	10,403,193	10,403,193
Unfulfilled pledge allowance	-	6,976,791	6,976,791
Employee benefits	3,169,418	3,156,939	6,326,357
Marketing and promotions	3,073,931	319,907	3,393,838
Supplies and equipment	1,344,678	1,548,711	2,893,389
Consulting and contractor services	973,464	1,373,236	2,346,700
Depreciation	1,092,346	988,313	2,080,659
Meetings and events	1,998,603	22,361	2,020,964
Facilities	527,455	663,070	1,190,525
Travel and entertainment	645,249	415,941	1,061,190
Administrative/other	189,764	521,602	711,366
Professional services	145,937	513,409	659,346
Insurance	268,215	325,671	593,886
Utilities	105,703	95,636	201,339
Taxes	-	199,838	199,838
Subtotal	$25,279,558	$61,243,330	86,522,888
Payments to or for University of Wisconsin			253,168,819
Total expenses			$339,691,707