



**BE THE  
DIFFERENCE.**

**ANNUAL REPORT** FY2020



- 01 UNIVERSITY FACTS
- 02 FROM MARQUETTE'S LEADERSHIP
- 04 MISSION
- 06 BEYOND BOUNDARIES AND MASTER PLAN UPDATES
- 10 DIVERSITY AND INCLUSION
- 12 COVID-19 RESPONSE
- 14 STUDENTS AND CAMPUS LIFE
- 16 ACADEMICS AND RESEARCH
- 18 LEADERSHIP
- 20 PHILANTHROPY AND ECONOMIC ENGAGEMENT
- 24 FINANCIALS
- 50 UNIVERSITY OFFICIALS



**UNIVERSITY FACTS**

**COLLEGES AND SCHOOLS**

- Helen Way Klingler College of Arts and Sciences
- College of Business Administration
- J. William and Mary Diederich College of Communication
- College of Education
- Opus College of Engineering
- College of Health Sciences
- College of Nursing
- School of Dentistry
- Graduate School
- Graduate School of Management
- Law School

**STUDENTS**

- 11,819 total enrollment
- 8,515 undergraduate
- 3,304 graduate and professional

**ACADEMICS**

- Undergraduate programs: 83 majors and 80 minors and pre-professional programs in dentistry, law and medicine
- Postgraduate programs: 74 doctoral and master's degree programs, 24 graduate certificate programs, and professional degrees in dentistry and law

**FACULTY AND STAFF**

- 1,297 faculty and academic positions
- 1,635 exempt and non-exempt staff

**ATHLETICS**

- 16 NCAA Division I athletics teams
- Competes in the Big East Conference

Marquette University is a Catholic, Jesuit university located near the heart of downtown Milwaukee, Wisconsin, that offers a comprehensive range of majors in 11 nationally and internationally recognized colleges and schools.

A Marquette education offers students a virtually unlimited number of paths and destinations, and prepares them for the world by asking them to think critically about it.

Along the way, we ask one thing of every student:

**BE THE DIFFERENCE.**

It's not just a tagline — it's what Marquette University asks of its community. It's what our students, faculty and staff aspire to do every day.



**Dr. Michael R. Lovell**  
President  
Marquette University

**A MESSAGE FROM**

**Dr. Michael R. Lovell,**  
President

There's no question that responding to the coronavirus pandemic occupies a majority of the waking hours for many in the Marquette University community. Fortunately, it doesn't occupy every hour of every day for every individual. In fact, as you will read elsewhere in this annual report, our faculty, staff, students, alumni and community partners continue to selflessly step forward to Be The Difference in the lives and work of others.

Together we continue to plan for and create a better future for Marquette University. We have opened a new facility for our growing Physician Assistant Studies program and are refining plans for a new College of Business Administration building. Outstanding partners — many from the community and even more from among our alumni — are standing alongside us to make possible scholarship programs and research efforts. Our students continue to inspire us by earning national recognition and calling on their university to do more to become increasingly diverse.

To everyone who has supported Marquette University in the past year, whether in ways small or large, thank you for your faith. Your belief in Marquette helps us, as stated in our vision statement, to "reach beyond traditional academic boundaries and embrace new and collaborative methods of teaching, learning, research and service in an inclusive environment that supports all of our members in reaching their fullest potential!"

*"To everyone who has supported Marquette University in the past year, whether in ways small or large, thank you for your faith. Your belief in Marquette helps us."*

**A MESSAGE FROM**

**Joel Pogodzinski,**  
Senior Vice President and  
Chief Operating Officer

Like so many institutions across the nation, Marquette University faces unprecedented challenges brought on by a global pandemic, shifting demographics and an industry business model that is no longer sustainable. At the same time, these very challenges present a watershed moment for our great university, as we have the opportunity to leverage our tradition of excellence and use our position of overall financial strength to ensure a strong, bright future for generations of Marquette students to come.

Though the financial impacts of COVID-19 were unexpected and disruptive, they were not insurmountable. Precisely because Marquette has been proactive in its strategic and economic planning, the university is responding swiftly and nimbly to address the near-term budget shortfalls.

The longer-term economic impacts are without a doubt challenging. We as a university are prepared for the difficult decisions in front of us. Nevertheless, our financial strength, confirmed by Moody's affirmation of our A2 rating and stable outlook, and the proactive planning in which we have already been engaged position us well to thoughtfully discern and strategically prepare for Marquette's future. *Cura apostolica* — the care for the institution — drives us forward.

What will truly make all the difference in how Marquette begins to chart its next 139 years is — as it has always been — the people.

Every day I am honored and privileged to see excellence in how our faculty teach and engage with students; how our students serve one another and the communities around us; and how our staff work to support the many ways in which we provide a transformative Catholic, Jesuit education.

The Marquette of the future will look different. What will never change is our mission and the foundational pillars of excellence, faith, leadership and service that guide us in all we do.



**Joel Pogodzinski**  
Senior Vice President and  
Chief Operating Officer

*"Every day I am honored and privileged to see excellence in how our faculty teach and engage with students; how our students serve one another and the communities around us; and how our staff work to support the many ways in which we provide a transformative Catholic, Jesuit education."*



Mission Week 2020

## MISSION



### MISSION MATTERS

#### CAMPus IMPACT

The Center for Peacemaking's CAMPus Impact experience won the International Town and Gown Association's Intern Challenge, which highlights student-led community projects in collaboration with nonprofits or local government.

#### PEACE AND JUSTICE

The Center for Peacemaking hosted "A Jesuit Approach to Peace and Justice." The event featured a presentation by Rev. Owen Chourappa, S.J., about how peacemaking plays a role in his work protecting migrants and the marginalized in India.

#### CARE OF OUR COMMON HOME

The university began using a new type of brine to melt snow and ice. The method is more economical and environmentally sustainable, and safer for campus.

#### SHARING HOPE

Marquette University Neighborhood Kitchen retrieved unused food from campus dining halls and catered events to feed those in need. Staff and volunteers kicked efforts into overdrive to keep the program going amid the COVID-19 pandemic.

#### FAITH-BASED GRADUATE STUDENT GROUP

The weekly group is designed to be a supportive community where students are encouraged to reflect on their lives in light of faith, especially amid struggles like the pandemic.

#### SOCIAL JUSTICE SUMMIT

Marquette hosted "Art Activated" with NO STUDIOS to address social justice issues.

#### MISSION EXAMEN

Marquette participated in the Association of Jesuit Colleges and Universities Mission Priority Examen process to reaffirm the university's mission and establish goals for the future.

#### VIRTUAL FAITH EVENTS

Campus Ministry offered two virtual retreat experiences: a senior retreat — which gave the Class of 2020 the opportunity to reflect on their Marquette journey and consider how they would like to go forward — and a Quaranteams Extravaganza, during which students connected with others through games, activities and conversation.

#### MISSION WEEK

The theme of Mission Week 2020, "Open to Gratitude," encouraged all to make space to feel the presence of God.



### A REFLECTION ON RESILIENCY

Healing and resiliency when all is in turmoil? They seem

unattainable. Turbulent uncertainty can cast us into a spiraling inner darkness. How do we escape?

Oddly, the remedy is what feels most remote: hope!

Hope orients us to something beyond our present despair. It does not escape into fantasy, but provides meaning and the promise of a better future. Hope restores purpose. It guides us as we navigate the chaos. It opens the door to healing and gives strength to carry on.

Such is the wisdom of Ignatius of Loyola in his counsel to those in desolation. He challenges us to remember past moments of consolation with the admonition that the present darkness will pass. Trusting in God's goodness, we look to the future with hope.

In these times, when so much has been upended in our lives, let us feed our hearts and souls by remembering those places that stir our hope.

*From Rev. James Voiss, S.J.,  
Vice President for Mission and Ministry*



## WE PLANT THE SEEDS THAT ONE DAY WILL GROW.

St. Óscar Romero

### Planned new facility will transform Marquette business education



With high demand for its offerings — including the 12th-ranked real estate and 17th-ranked supply chain management programs\* — the Marquette University College of Business Administration is well-positioned to build a critical talent pipeline for the regional business community. In late January, President Michael Lovell announced that a new home for Marquette Business would rise on the site of the now-demolished McCormick Hall at 16th Street and Wisconsin Avenue.

As an anchor for the west gateway to the heart of Marquette’s urban campus, the new building will convene world-class faculty, students and industry leaders. Its innovative features and flexible learning spaces will be intentionally designed to help foster creative thinking in students of all disciplines.

Dedicated space for interdisciplinary innovation leadership programs — including the nationally acclaimed Excellence in Leadership program, developed by Dr. Kristina Ropella, Opus Dean of the Opus College of Engineering — advances a university-wide initiative to develop an inclusive culture of innovation across campus. This initiative has supported research and program-

ming within the Women’s Innovation Network, the Athletic and Human Performance Research Center, the Kohler Center for Entrepreneurship in the 707 Hub and many colleges.

Unique components of the new building aim to transform business education at Marquette, such as wrap-around advising and career guidance, including centers for student success and career development; a multifunctional special event space where top executives and recruiters can meet the next generation of leaders; and upgraded signature labs and classrooms, including a stage where business students can pitch and share their ideas with industry, investors and the larger community.

Vice President for Planning and Facilities Management Lora Strigens says Marquette Business faculty, staff, students and alumni will take part in an inclusive design process to ensure the new building addresses the needs of tomorrow’s students, educators and businesses.

Vice President for University Advancement Tim McMahon and Acting Keyes Dean Tim Hanley have led a strong fundraising campaign with the support of alumni, parents and friends. They continue to seek additional philanthropic support.

\*U.S. News & World Report, America’s Best Colleges 2020



### MARQUETTE RETAINS A2 RATING FROM INFLUENTIAL CREDIT-RATING AGENCY MOODY’S

In April 2020, the Marquette Board of Trustees unanimously approved a public debt issuance of \$150 million to provide the university with additional financial flexibility.

Credit-rating agency Moody’s assigned Marquette an A2 rating, considered “investment grade.” Moody’s also affirmed the A2 rating on the university’s outstanding rated unsecured general obligation debt.

According to Moody’s, the A2 rating reflects Marquette’s very good market position with sizable operating revenue of \$453 million in fiscal 2019. Moody’s added that although the university faces operational challenges from the effects of the COVID-19 pandemic, management is taking strong action to respond. Marquette’s stable outlook is more favorable than the industry as a whole — as a whole Moody’s had recently downgraded the outlook for the higher education industry to negative.

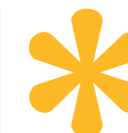
**IDEATION REVIEW COUNCIL FORMED** In December 2019, the Office of Research and Innovation began recruiting creative campus thinkers — students, faculty and staff — to serve on a new Ideation Review Council. The council’s charge: to review and analyze more than 1,600 ideas and suggestions generated in response to Marquette’s “Think Different, Act Different to go Beyond Boundaries” event in November, which convened the university community to discuss ways to address multiple headwinds in higher education.



The 25-member council worked with Dr. Jeanne Hossenlopp, vice president for research and innovation, to categorize and evaluate submissions based on their potential to move Marquette forward and sustain its position as a leading Catholic, Jesuit university.

Recognizing the profound effect of COVID-19 on Marquette’s needs and opportunities, the council shifted focus this spring.

Along with the university’s COVID-19 Response Team leaders, the IRC solicited further input from the campus community on improving the near-term Marquette experience for specific stakeholders and on long-term strategic planning solutions that account for the pandemic’s impact.



### MARQUETTE MOVES UP IN 2020 U.S. NEWS RANKINGS

*U.S. News & World Report’s 2020 Best Colleges* listed Marquette at No. 84 — tied with six other schools — among the nation’s ranked colleges. The ranking is up from 89 in 2019. Marquette also made the top 100 in the publication’s lists of Best Colleges for Veterans (No. 52), Best Value Schools (No. 55), Best Undergraduate Teaching (No. 76), and was included in its list of “A-Plus Schools for B Students.”



## TEACH US TO GIVE AND NOT COUNT THE COST.

St. Ignatius of Loyola



**NEW WOMEN OF MARQUETTE EMPLOYEE RESOURCE GROUP** Marquette last fall launched its seventh employee resource group, its third dedicated to female faculty and staff.

ERGs are supported by the Office of Institutional Diversity and Inclusion and help advance the Culture of Inclusion goal theme outlined in the university's strategic plan, *Beyond Boundaries*. Such groups have been formed over the past few years to help support, retain and attract the best employees — each ERG aims to promote a sense of community and build personal and professional networks to foster a diverse and inclusive community.

Specifically, the Women of Marquette ERG seeks to foster professional, personal and spiritual growth through career development and educational workshops, volunteer opportunities, networking, information sharing, mentoring and speaker panels. The ERG also aims to serve as an umbrella group to help support and promote all the initiatives on campus for women.

**POPULAR, GROWING MENTOR PROGRAM EARNS NATIONAL AWARD** The university's Alumni Association Mentor Program last fall was awarded the "Silver Level Circle of Excellence" from the Council of Advancement and Support of Education.

For the typical college student, career discernment is often a difficult and complicated subject. Sponsored by the Marquette University Alumni Association, the Mentor Program aims to bring clarity and inspiration to students across all academic areas.

Launched in 2013, the program, which pairs student mentees with alumni mentors in a one-on-one model based on area of study and career interest, has more than tripled in size since its inception. Not only is the program in high demand, but 100 percent of participants would recommend the program to fellow students and alumni — and more than 90 percent of mentors and mentees complete their established goals by the end of the year.

Alumni mentors reside in more than 25 states, many of whom travel to Milwaukee at some point during the year for program events or just to connect face-to-face with their mentee.



### MARQUETTE EMPLOYEE RESOURCE GROUPS

All Marquette Employee Resource Groups have a University Leadership Council liaison, and while the ERG model is based on common backgrounds or interests, in the spirit of inclusivity and allyship, any employee can join any ERG including:

- Latinx Faculty and Staff Association
- LGBTQ Employee Resource Group
- Marquette Black Faculty and Staff Network
- Marquette Moms
- Marquette Social Professionals
- Womxn of Color Resource Group
- Women of Marquette

## New building, expanded program will prepare more Jesuit-trained PAs



With approximately 1,400 applicants vying annually for just 55 spots, Marquette University's Physician Assistant Studies program — one of the top such programs in the nation — had long been ripe for growth. In fall 2019, the College of Health Sciences opened a new \$18.5 million dedicated facility to house the program, which welcomed its first expanded cohort of 75 students.

The need to train more PAs is of national urgency, as the Association of American Medical Colleges has predicted a substantial shortage of primary care physicians by 2032. "The PA profession has been identified as one to fill this gap," says Mary Jo Wiemiller, clinical associate professor and chair of the Physician Assistant Studies Department. "That was one of the driving forces for us to take a look at our program, to see if we had the capacity to expand it and help meet the health care need in this country."

In the most recent *U.S. News & World Report* rankings, Marquette's PA program ranked 26th in the country. For the past 10 years, the program's students

have had a 100 percent pass rate on their national board exams, and all graduates secured jobs within six months.

The facility at the northwest corner of West Clybourn and North 17th streets is a modern, gleaming, 44,000-square-foot building both beautiful and practical, intentionally designed to prepare students to excel in today's health care settings.

Classrooms are designed to enable collaborative learning, and the full simulation center — complete with an emergency room, operating room, intensive care area and inpatient hospital room — is equipped with high-fidelity technology and mannequins to simulate real patients and scenarios that the students will see in real life, Wiemiller says. In the full medical suite with 19 clinical exam rooms, actors can also come in to role-play patient scenarios with students. All simulation and exam rooms offer one-way viewing windows for peer observation without distraction.

The expanded program also added 65 new partner clinical training sites.



## LOVE IS SHOWN MORE IN DEEDS THAN IN WORDS.

St. Ignatius of Loyola



**ENROLLMENT SETS DIVERSITY RECORDS** Fall 2019 enrollment saw Marquette's most diverse freshman class in history, with nearly 30 percent of first-year enrollees being students of color. Twenty-four percent of freshmen are first-generation college

students, which is again the highest percentage in university history. Record percentages of the undergraduate, graduate and professional studies student bodies are also students of color and represent the most diverse student body Marquette has ever enrolled. In addition, a record 20 percent of current Marquette faculty are people of color.

	TOTAL STUDENTS	STUDENTS OF COLOR
Undergraduates	8,515	28%
Graduate and professional students	3,304	18%
First-year students	1,974	29%

**ROUND OUT THE RACE, ETHNIC AND INDIGENOUS STUDIES PROGRAM** Seven new faculty members joined Marquette this year as part of a third cluster hire to bolster the university's Race, Ethnic and Indigenous Studies program. REIS, launched in 2017, is housed in Marquette's Klingler College of Arts and Sciences and supports interdisciplinary majors and minors in several fields. The cluster hire advances two key university priorities: to achieve a more diverse faculty mix, and to build a critical mass of specialists in the racial and ethnic aspects of their academic disciplines. Departments in five university colleges will benefit from this latest cluster of scholars, who join 14 other academics previously recruited in clusters to support REIS.

**THE 2019–2020 CLUSTER HIRE SCHOLARS**

- Dr. Javiera Perez Gomez, Philosophy
- Dr. Michelle Rodrigues, Social and Cultural Sciences
- Dr. Ethan Schmick, Economics
- Dinesh Sabu, Digital Media and Performing Arts
- Dr. Larry Zhiming Xu, Strategic Communication
- Dr. Allison Murray, Mechanical Engineering



**INCLUSIVE HIRING LEADS TO AWARD**

In October 2019, Marquette received the first Employer of the Year Award from Creative Employment Opportunities, a local career and workforce development organization that promotes inclusive hiring. The award specifically recognized Marquette for its commitment to hiring people with intellectual and physical disabilities.



**CONFERENCE ADDRESSES POVERTY AND TRAUMA**

In October, Marquette co-hosted the joint Summit on Poverty and SWIM Conference. SWIM (Scaling Wellness in Milwaukee) is a Marquette-led, community-wide initiative to address the impacts of generational trauma in Milwaukee. The conference theme was "Self-Reflection, Hope and Collective Impact."

**COUNSELOR HONORED AS INFLUENTIAL LATINA**

Dr. Marla Delgado-Guerrero, adjunct professor and mental health counselor and diversity coordinator in Marquette's Counseling Center, earned a spot on Madison365's annual list of Wisconsin's most powerful Latina and Latino individuals. The list recognizes successful professionals and those who positively impact their communities.

## EOP events celebrate 50th anniversary



Dr. Howard Fuller, distinguished professor of education and founder/director of the Institute for the Transformation of Learning



EOP celebrations kicked off with a meeting at Marquette Hall.

The 2019–20 academic year marked the 50th anniversary of Marquette's Educational Opportunity Program, a first-of-its-kind initiative to assist underrepresented and first-generation students with admission to and success in college. Launched in 1969 with a 40-student cohort and a single staff member, EOP has since assisted thousands of Marquette students and today serves about 500 students each year.

To recognize EOP's long and distinguished history and champion the work it does today, Marquette assembled a sizable steering committee co-chaired by university leaders to plan EOP 50th anniversary celebrations throughout the academic year. During the 2019 Reunion + Homecoming Weekend, more than 400 alumni, parents and friends from 25 states gathered on campus to pay tribute to the university's inaugural EOP class and its founding director, Dr. Arnold Mitchem, Grad '81.

Under Mitchem's 17-year leadership, Marquette's EOP became a model for many other universities and even for the U.S. Department of Education in the development of its TRIO programs — postsec-

ondary education-focused outreach programs and services that identify and assist students from disadvantaged backgrounds.

The steering committee also partnered with the Marquette Forum to spotlight the issues EOP was founded to address and invite reflection and discussions around equitable access to educational opportunities. Forum programming was centered on the theme of "pathways to educational access and opportunity." The Marquette Forum also offered \$500 grants to faculty and staff, departments, academic units or student organizations planning events associated with these issues.

Forum events last fall and winter featured LoveWalk founder and nationally recognized speaker Saul Flores sharing his story of perseverance during First Generation and Latinx Heritage Month; radio/TV personality and writer Charlamagne tha God and writer/film producer Chrishaunda Lee Perez on Black emotional wellness; Dr. Patricia Devine on creating inclusion and reducing unintentional bias; award-winning educational leader Dr. Freeman Hrabowski, president of the University of Maryland, Baltimore County, on creating educational access; and a panel discussion featuring EOP alumni.



**February 27**  
COVID-19 planning begins

**March 12**  
University announces in-person classes are suspended

Employees shift to remote work

Big East and NCAA basketball tournaments are canceled

**March 23**  
Remote teaching and learning are extended through the end of spring semester

**March 25**  
Students move out of residence halls

**March 26**  
First live-stream campus Mass is celebrated

**April 17**  
University institutes staff and faculty furloughs, other cost-saving measures

**June 2**  
New student SPARK orientation sessions go virtual

**July 31**  
Milwaukee Health Department approves university's plans for fall semester

**August 26**  
Fall 2020 undergraduate classes begin

## University responds to COVID-19 pandemic

Like universities across the nation, Marquette was forced to take swift action in March 2020 when the global COVID-19 pandemic took hold. The university canceled all in-person classes and suspended on-campus residency, shifting its academic delivery to a fully online modality. All but the most essential employees moved to a work-from-home environment.

For the next several months, Marquette's COVID-19 Response Team — a broad group of subject matter experts from all areas of campus — convened daily to plan ahead and make real-time decisions to ensure continuity of instruction, research and vital campus operations, such as information technology support and the Marquette University Police Department.

In late spring, the university formed a COVID-19 Recovery Team consisting of more than 100 people and charged it with creating a multi-phased and flexible Recovery Plan aimed toward a return to in-person instruction and on-campus residency for the fall 2020 semester.



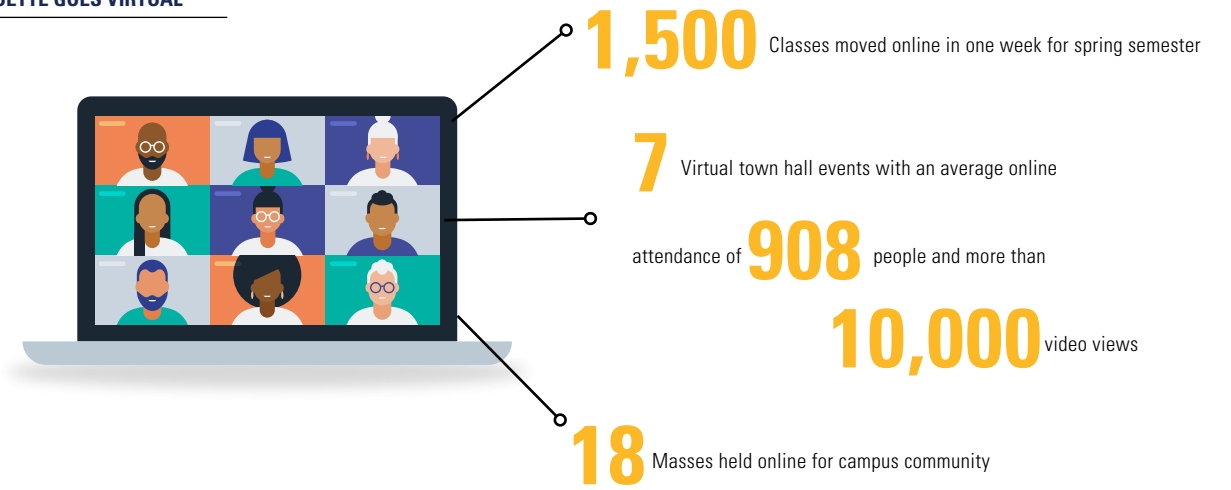
Concurrently, the university enacted financial risk mitigation measures to cover an approximately \$15 million near-term spring 2020 shortfall caused by the pandemic. While similarly mitigating FY21 impacts, the university is engaging campus in various workstreams to strategically and structurally position Marquette for continued economic strength.



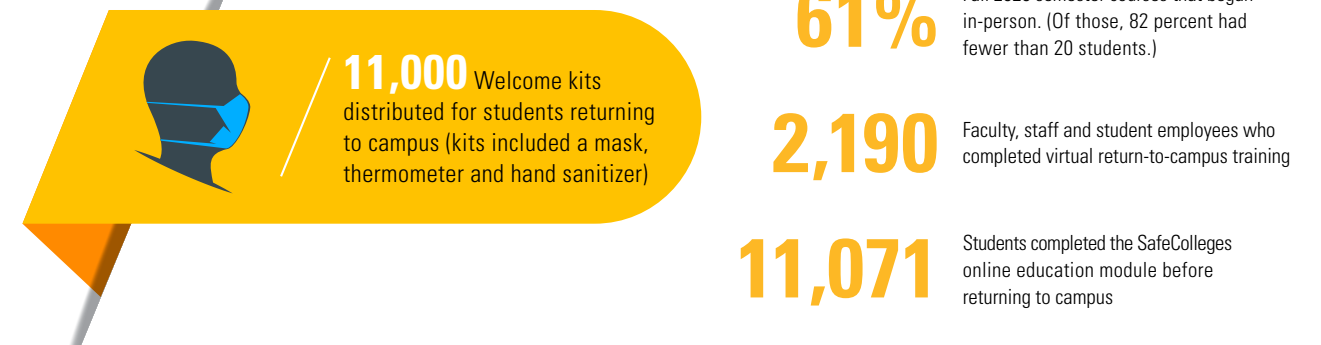
## GOD'S PURPOSE IN CREATING US IS TO DRAW FORTH FROM US A RESPONSE OF LOVE ...

St. Ignatius of Loyola

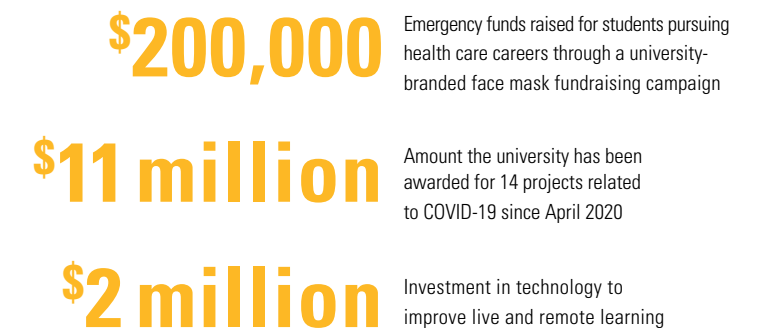
### MARQUETTE GOES VIRTUAL



### RETURNING TO CAMPUS



### UPLIFTING INVESTMENTS





## COVID-19 no match for Marquette Pride



Despite having to cancel traditional Commencement celebrations with large gatherings of family and friends, Marquette honored its spring 2020 graduates in creative ways and warmly welcomed them as new alumni.

Graduating classes from every program were dispersed this spring as the threat of COVID-19 prompted the university to move students off campus and shift instruction online. To help families celebrate their graduates individually, University Advancement partnered with an alumni-owned business to create and deliver congratulatory yard signs that families could purchase. About 1,100 signs were sold, raising more than \$4,000 for the university's Bridge to the Future Fund, which supports students with changing financial circumstances.

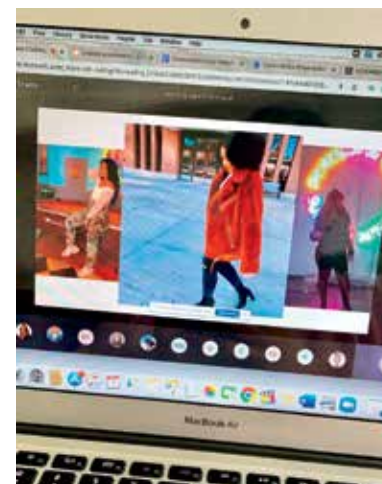
Marquette also created a video addressed to 2020 graduates that featured inspiring messages from a variety of prominent alumni. "Your new stage is the world that awaits you, the world that needs you," the alums proclaimed in individually filmed sections. "And you are not alone: 115,000 Marquette alumni

are with you, ready to support you."

The university's social media accounts helped this video and other initiatives reach broad audiences. Facebook featured a heartwarming 20-minute video of graduates' childhood and current photos. Relatives posted messages celebrating their graduates on Twitter with the hashtag #marq20, and an #MUGrad2020 Instagram photo mosaic spotlighted individual graduates — many in caps and gowns — with messages reflecting their experiences as Marquette students.

Traditional, end-of-year scholarship dinners gave way to virtual, but more intimate, calls and web-based interactions between donors and recipients. The format enabled more personal advice and encouragement for graduates — particularly valuable amid a challenging time.

The 2020 graduates also were immediately welcomed as new alumni, with virtual Marquette Mixers that included breakout rooms for alumni clubs in different cities or regions. Planning is underway for a Circles networking initiative to support cohorts of new alums in their career development and advancement in a tough economy.



Initiative in partnership with Milwaukee-based Brady Corp. The 2020 competition required some creativity from organizers to take the Shark Tank-style pitch competition virtual. Students from five states, Puerto Rico, Colombia and Peru were among 10 finalists competing to impress Brady's judges and win \$21,000 in seed funding. This year's social innovation winners were The Color of English, which teaches students how to build great sentences, and 4.0 Certification by Kratos, offering up-skilling for the so-called Fourth Industrial Revolution. Traditional business track winners were JD BNB LLC—Short Term Rentals, providing short-term lodging in Milwaukee, and Best Face Forward Retractable Badge Reel, with a no-twist component to keep ID badges facing forward and visible.



**TOWN-GOWN PROGRAM TAKES TOP HONORS** A Marquette University Center for Peacemaking initiative called CAMPus Impact won the inaugural International Town and Gown Association Intern Challenge this year. The challenge highlights and supports an effective, student-led community project executed in collaboration with a local government or nonprofit. The award includes an ITGA donation to CAMPus Impact, which works with Near West Side Partners Inc. to involve students in neighborhood projects and foster strong student-resident relations.



## GO FORTH AND SET THE WORLD ON FIRE.

St. Ignatius of Loyola

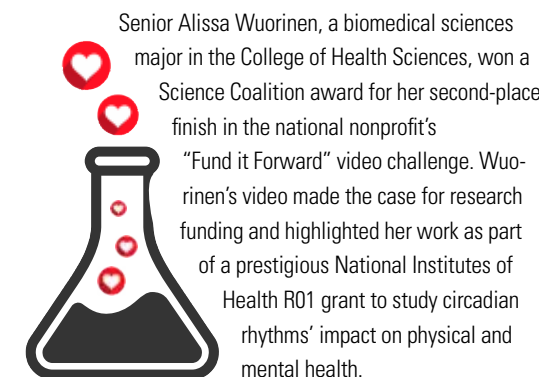
**CONTEST BREWS BIG IDEAS** Innovation is always the name of the game in the Brewed Ideas Challenge, an annual student business and social venture competition from Marquette University's Kohler Center for Entrepreneurship and Social Innovation



### ATHLETICS LEADERS RECOGNIZED

Two outstanding Marquette Athletics leaders were honored this past spring. Vice President and Director of Athletics Bill Scholl received an Under Armour Athletic Director of the Year Award from the National Association of Collegiate Directors of Athletics — he was one of just four 1-AAA category. Women's Basketball Head Coach Megan Duffy received the 2020 Big East Coach of the Year award in her first season with Marquette.

**STUDENTS HONORED FOR SCIENCE AND SOCIAL JUSTICE** Undergraduate women in two Marquette colleges earned awards for exceptional work in activities related to their fields of study.



Senior Alissa Wuorinen, a biomedical sciences major in the College of Health Sciences, won a Science Coalition award for her second-place finish in the national nonprofit's "Fund it Forward" video challenge. Wuorinen's video made the case for research funding and highlighted her work as part of a prestigious National Institutes of Health R01 grant to study circadian rhythms' impact on physical and mental health.

Junior Lelah Byron, studying journalism in the Diederich College of Communication, was named a Newman Civic Fellow by the Boston-based nonprofit group Campus Compact. The fellowship emphasizes personal, professional and civic growth for students who have demonstrated a capacity for leadership and an investment in solving public problems. Byron pursues social justice by encouraging public discourse through her investigative reporting for the student newspaper, *The Marquette Tribune*.

## \$1 million grant supports a diverse STEM faculty

*“This grant is very exciting for us. In joining the ADVANCE community, Marquette will be a part of the national dialogue for diversity in STEM.”*

Dr. Jeanne Hossenlopp

Funded by a three-year, \$1 million grant from the National Science Foundation ADVANCE program, Marquette leaders are making progress on an initiative to support career success for STEM scholars from underrepresented backgrounds.

The project, Moving Beyond Boundaries to Promote Inclusive Faculty Success, is a partnership between the Office of Research and Innovation and the Office of Institutional Diversity and Inclusion. The departments’ respective vice presidents, Dr. Jeanne Hossenlopp and Dr. William Welburn, work alongside an interdisciplinary faculty team to lead the project.

NSF ADVANCE programs use intersectional approaches that recognize how gender, race, ethnicity and other social identities interact to affect workplace experiences. Marquette’s initiative will focus on two pressing challenges in STEM faculty equity, as revealed by campus focus groups and a university-wide climate study: effective recruitment of diverse faculty and department climates that create hurdles to faculty success.

Progress on numerous grant projects in the first year has been strong, Hossenlopp reports. These included piloting new faculty recruiting materials, launching a “Men as Advocates and Allies” group,

and coordinating meetings with faculty and department chairs to help align future programming with their specific challenges. ADVANCE research faculty also collaborated on the university-wide Assessment of Climate for Learning, Living and Working survey, adding questions to help gather data from faculty about their work experiences, department perceptions and impressions of the climate for diversity within their individual colleges and university wide.

The ADVANCE project also benefited from this year’s Marquette Forum. Dr. Freeman Hrabowski, president of the University of Maryland, Baltimore County, discussed experiences and lessons learned from UMBC’s ADVANCE program with the University Leadership Council during his visit to campus for the forum.

“This grant is very exciting for us,” Hossenlopp says. “In joining the ADVANCE community, Marquette will be a part of the national dialogue for diversity in STEM.”

The Office of Research and Innovation also launched the Institute for Women’s Leadership with a \$5 million gift from the Thomas J. Rolfs Family Foundation shortly before the start of the ADVANCE grant. The IWL will continue to implement the project when the grant concludes.



therapy degree program. The 40 students who began this fall will complete a three-year professional program focusing on occupational therapy theory, research and practice. Designed to prepare graduates for the ever-expanding role of OTs, the program offers interprofessional teaching and learning opportunities with other health disciplines, as well as on-campus clinical education in the new Neuro Recovery Clinic, the Marquette Physical Therapy Clinic, and the Speech and Hearing Clinic.

“Future occupational therapy practice needs leaders who can create and lead system change, engage in research to support the science of occupation and influence policy development,” says Dr. Lani R. Stockwell, department chair. With just 12 percent of OTs holding doctorates, she says, “Our graduates will be at the forefront of the profession.”



**NSF GRANT EXPANDS MPS COMPUTER SCIENCE EDUCATION** Dr. Dennis Brylow, professor of computer science in the Klingler College of Arts and Sciences, has received a nearly \$2 million National Science Foundation collaborative research grant to promote computer science education among Milwaukee Public Schools teachers.

Brylow and his team are exploring deeper questions about how prior computer science exposure can affect students later in their education, why the effectiveness of executed initiatives is so uneven in different parts of the city, and how to strengthen computer science education in MPS.



## THE PURSUIT OF EXCELLENCE IN ALL THINGS

A defining part of Marquette’s mission

### STATE’S FIRST OCCUPATIONAL THERAPY PH.D. PROGRAM OPENS

Toward the fiscal year’s end, Marquette’s College of Health Sciences prepared to welcome the inaugural class of Wisconsin’s first clinical doctorate of occupational



### FORMER CREE CEO IS NOW INNOVATOR-IN-RESIDENCE

To share a wealth of knowledge gained as longtime CEO of Cree Inc., Chuck Swoboda, Eng ’89, began serving as Marquette’s first innovator-in-residence. His “Innovators on Tap” podcast from Marquette’s Innovation Alley shares success stories from a variety of industries. Generous Marquette supporters, Swoboda and his wife, Karen, Eng ’90, this past year committed \$1 million to fund leadership development within Innovation Alley.

**RESEARCHERS LAND R01 GRANTS** Having received competitive R01 grants from the National Institutes of Health this year, two Marquette professors are engaged in research that could lead to better health outcomes.

Dr. Allison Hynstrom’s \$2.3 million grant supports her research on how ischemic conditioning and exercise training in stroke rehabilitation can be used to help patients increase functional gains — including walking speed, leg muscle strength and respiratory fitness — more rapidly after a stroke. Hynstrom, chair and professor of physical therapy, and colleagues will conduct patient rehab trials in partnership with Marquette’s Neuro Recovery Clinic.

A \$1.8 million Maximizing Investigators’ Research Award from NIH is enabling Dr. Serdar Bozdag, assistant professor of computer science, to develop an integrative computational model to advance his research on precision medicine. Over five years, Bozdag aims to develop a scalable computational method for analyzing existing biological and clinical datasets to predict disease-associated genes and patient-specific drug responses, integrating layers of already-captured datasets across millions of individuals from different backgrounds.



**ACT AS IF EVERYTHING DEPENDED ON YOU; TRUST AS IF EVERYTHING DEPENDED ON GOD.**

St. Ignatius of Loyola

**New provost emphasizes diversity, inclusion**



*“Diversity isn’t a goal to be achieved or a box to be checked. It’s an evolving pursuit to make Marquette more reflective of the world around us.”*

Dr. Kimo Ah Yun

After a nine-month national search and dozens of candidate interviews with multiple campus stakeholders, Marquette named Dr. Kimo Ah Yun its permanent provost and executive vice president for academic affairs in December 2019.

Ah Yun, the first person of color to serve in the provost role, had served as acting provost for approximately 14 months before being named to the permanent position. Previously, Ah Yun had served as dean of Marquette’s Diederich College of Communication since 2016.

President Michael R. Lovell says Ah Yun “demonstrated tremendous leadership as acting provost ... navigating some of Marquette’s more difficult issues with a calm professionalism and an eye toward what is best for our university.” Lovell also praised Ah Yun’s commitment to Marquette’s Catholic, Jesuit mission and his keen understanding of how the university’s *Beyond Boundaries* strategic plan anchors the university’s response to industry challenges.

Ah Yun is a first-generation college student who became an accomplished communications scholar, educator, researcher and admin-

istrator. During a 20-year tenure at California State University, Sacramento, Ah Yun was a professor of communication studies and chaired that department; he was also director of the Center for Teaching and Learning and associate dean of the College of Arts and Letters. He co-chaired the President’s Committee to Build Campus Unity, which planned and executed campuswide conversations on discrimination, identity and privilege.

As Marquette’s acting provost, Ah Yun developed task forces to help faculty and graduate students improve their lived experiences, increased collaboration with the University Academic Senate around university policies and procedures, continued to invest in cluster hiring for the Race, Ethnic and Indigenous Studies program, advocated for increased diversity programming, and oversaw the recruitment of a historically diverse incoming first-year class.

While the Marquette community has made strides in the areas of diversity, equity and inclusion, Ah Yun says there is more work to do.

“Diversity isn’t a goal to be achieved or a box to be checked,” he says. “It’s an evolving pursuit to make Marquette more reflective of the world around us.”

**MARQUETTE COMMUNITY MOURNS THE LOSS OF KEYES DEAN OF BUSINESS ADMINISTRATION JOE DANIELS**

The Marquette University community faced tragedy in February 2020, as the campus mourned the loss of Dr. Joe Daniels, Keyes Dean of Business Administration, who was fatally struck by a vehicle.



“As a Marquette community, we struggle for comfort as we each feel the impact of this loss in different ways,” President Michael R. Lovell wrote in a message to campus. “We are a family and need to support each other the most during times of immense sorrow.”

Daniels was a campus fixture for more than 30 years, inspiring students his entire career as a mentor and educator who made an indelible impact on the field of economics as a master scholar. Ultimately, he helped take Marquette

Business to new heights, instrumental in inspiring a new vision for the college, which the university has carried forward in his memory.

A devout Catholic, brilliant macroeconomist and an enthusiastic college basketball fan, Daniels truly loved Marquette. His students and colleagues likewise adored him — hundreds turned out for a campuswide prayer service in his honor the day following his death.

Daniels’ family established a scholarship in his name to carry forward his legacy and help future generations of Marquette students realize their educational dreams. To donate to the Dr. Joe Daniels Memorial Scholarship, visit [give.marquette.edu/joe-daniels](http://give.marquette.edu/joe-daniels).



**NEW LEADERSHIP**

**DEANS**

**DR. HEIDI BOSTIC**  
Dean of the Klingler College of Arts and Sciences

**DR. SARAH FELDNER**  
Dean of the Diederich College of Communication

**VPS/CHIEFS**

**IAN GONZALEZ**  
Vice President for Finance

**LAURIE PANELLA**  
Chief Information Officer

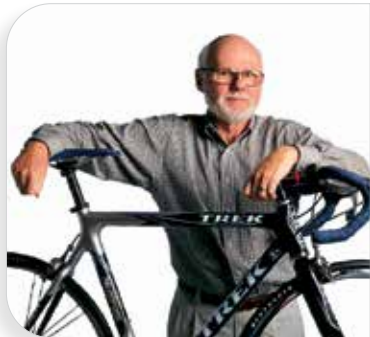
**REV. JAMES VOISS, S.J.**  
Vice President for Mission and Ministry

**BOARD OF TRUSTEES NEW OFFICERS**

**ROBERT J. ECK, Arts '80**  
Chair

**TODD ADAMS**  
Vice Chair

## \$7 million committed for service-driven scholarship



*“We are extremely grateful to the Burke Foundation for helping us to live out our mission and for further investing in the future leaders of greater Milwaukee and our region.”*

President Michael R. Lovell, referring to the late Richard A. Burke (above) and his Burke Foundation

In its 25th year, Marquette’s undergraduate Burke Scholars Program received a \$7 million commitment from its namesake foundation to continue the scholarship program and help fund the Trinity Fellows program, which specifically benefits graduate students. Both programs were started by the late Richard A. Burke, Bus Ad ‘56 (left), founder and leader of Trek Bicycle Corp.

Burke served as a Marquette trustee from 1996 to 2005, when he was elected trustee emeritus for life. He dedicated his life to investing in others, and the Burke Scholars and Trinity Fellows programs encourage service to others as well as academic success.

“When we look at our model students who serve as women and men for and with others, we look no further than our Burke Scholars and our Trinity Fellows,” President Michael R. Lovell says. “We are extremely grateful to the Burke Foundation for helping us to live out our mission and for further investing in the future leaders of greater Milwaukee and our region.”

Up to 10 academically talented Wisconsin high school seniors

are named as Burke Scholars annually and receive four-year, full-tuition scholarships to Marquette. They participate in program-sponsored extracurricular activities and special academic programs that focus on the spirit of Jesuit education and service to others. They must maintain a 3.0 GPA and volunteer at least 300 hours of meaningful service each academic year. The program has produced 145 alumni who have given a total of 177,000 hours of community service to serve more than 90 Milwaukee-based organizations.

The Trinity Fellows program develops Marquette graduate students into urban leaders with a commitment to social and economic justice. Trinity Fellows work in a variety of nonprofit Milwaukee organizations for 18 hours per week during the academic year and 40 hours per week during the summer. Prior Peace Corps, Jesuit Volunteer Corps, AmeriCorps or other post-college full-time volunteer service is mandatory for eligibility. Fellowships include a full-tuition scholarship and a monthly stipend for books, health insurance and other living expenses.



## YOU HAVE GIVEN ALL TO ME. TO YOU, LORD, I RETURN IT.

St. Ignatius of Loyola

**PATHWAYS TO JESUIT EDUCATION** Graduates of Milwaukee’s Marquette University High School now have increased opportunity to continue their Jesuit education at Marquette University, thanks to a new Pathway Program established with a \$2.5 million gift from John Stollenwerk, MUHS ‘58, Sp ‘62, Grad ‘66, and his wife, JoEllen, Sp ‘66, Grad ‘72.

With an academic mission closely aligned with Marquette’s, MUHS sends more students to the university than does any high school nationwide. The Pathway Program offers several individual scholarships, enhanced admissions counseling and the opportunity to take Marquette University courses at a significantly reduced cost while in high school.

A former member of the university’s and high school’s governing boards, John Stollenwerk described his educational experience as a “discipline of love.” He has said his family wanted to reduce the financial burden for MUHS students who desire future academic opportunities and encourage more students to stay in Milwaukee.

**CENTENNIAL CELEBRATION: MARQUETTE AND KOHLER CO.** This spring marked 100 years of valued partnership between Marquette and Kohler Co.

To commemorate the centennial, nearly 40 students, faculty and staff visited Kohler headquarters for



“Marquette Day at Kohler,” where they toured the company’s facilities, learned about its products and manufacturing processes, and networked with Kohler professionals and alumni.

A highlight of the centennial year

celebration was the Redo the Loo: 707 Hub’s Restroom Redesign Challenge, an engaging experience for student teams and their Kohler mentors to redesign the restrooms inside the campus innovation space — and home of the Social Innovation Initiative and Kohler Center for Entrepreneurship.

**GIFTS OPEN DOORS TO TRAIN MORE NURSES**

Amid growing nursing shortages in Wisconsin and nationwide, the College of Nursing has received more than \$6.3 million to strengthen the pipeline of Marquette-trained nurses.

Dorothy Krawczyk, Nurs ‘47, donated \$4.7 million to student scholarships through her estate; Alice Stecker, Nurs ‘59, Grad ‘64, contributed \$1 million toward scholarship support; and the Helene Fuld Health Trust provided a \$675,000 grant to support the college’s direct-entry nursing program, which accommodates students who hold baccalaureate degrees in other disciplines and wish to become nurses.

The combined support opens doors for future caregivers at a time when a robust student-nurse pipeline is in high demand. Stecker, in fact, says she was motivated to save money for her gift because of the constant shortage of caregivers throughout her career. “When I think about what this might mean for future nurses and future patients, it fills my heart,” she says.



### PLEDGE MAKES INVESTMENT IN CAREGIVERS

To honor those who nursed him back from temporary paralysis after an accident and help develop future caregivers, George Karnas and his wife, Nina, pledged a \$1 million estate gift for the Karnas Giroux Endowed Scholarship Fund. It will support students in the College of Nursing, College of Health Sciences and Klingler College of Arts and Sciences. Through their estate gift, the Karnases are also recognized as members of Marquette’s St. Ignatius Legacy Society.



## FOR THE GREATER GLORY OF GOD

Translation of the phrase, *Ad maiorem Dei gloriam*, the Latin motto of the Society of Jesus



### FUND HELPS SECURE STUDENTS' FUTURES AT MARQUETTE

While the coronavirus pandemic upended every Marquette student's plans, some felt the burden more acutely as they or their family members lost jobs or fell ill. With the sudden drop in income, many worried about how they would cover their tuition.

Fortunately, the university had a vehicle in place to help: The Bridge to the Future Fund, established during the 2008–09 recession to support students with changing financial situations. With a \$100,000 gift to help students affected by COVID-19, alumni couple Mary Ellen Stanek, Arts '78, and Scott Stanek, D.D.S., Arts '77, Dent '82, invited alumni, parents and friends to join them in supporting Bridge to the Future. More than 500 donors answered the call, ultimately raising \$500,000 for the fund in FY2020.



### ALUMNI COUPLE'S GIFT ADVANCES OPPORTUNITIES

A \$1.5 million gift from alumni couple Jeff and Sarah Joerres, both Arts '83, is uniquely directed to two critical university initiatives.

Half will support experiential learning for first-generation minority students, removing financial barriers to high-impact experiences such as study abroad programs in 41 countries. Increasing access can help retain and engage these underrepresented students, says Dr. William Welburn, vice president for inclusive excellence. In addition, the Joerres' gift will help enable first-generation minority students to take advantage of high-quality but often unpaid internships suited to their academic and career goals.

The Joerres' gift also advances Marquette's Neuro Recovery Clinic, launched in 2019 as the first of its kind in Wisconsin. The clinic serves patients who require complex care for life-altering injuries and conditions, including intensive and long-term services not otherwise available. It also trains students in the delivery of cutting-edge therapies.

### SPECIAL COVID-19 PRESIDENT'S CHALLENGE

A special President's Challenge in May solicited ideas to address community needs that were created or magnified by the COVID-19 pandemic.

Since 2018 the President's Challenge has funded innovative proposals from interdisciplinary teams of Marquette faculty, students and staff to address community needs. For this special initiative, Madison, Wisconsin-based American Family Insurance joined ongoing President's Challenge partner Johnson Controls to support solutions that "lead in the recovery and continued positive social and economic impact in our community," says American Family's Leana Nakielski, strategic partnerships director.



Teams competed for \$50,000 in grant funding for one year in three areas: mental health and wellness, economic revitalization and health services. Learning communities were launched in each focus area to foster knowledge and ideas.

Challenge winners were announced in July and include a study on safer-at-home orders' effect on intimate partner violence, an online toolkit for teachers to assist students from disproportionately COVID-affected populations, and solutions for public food service distribution to address increased needs.

## PHILANTHROPY AND ECONOMIC ENGAGEMENT

## \$5 million gift helps first-generation students



*"Tom and Suzanne's belief in the mission of Marquette University, our ability to deliver a transformational education and the need to provide access all came together in this incredibly generous gift."*

President Michael R. Lovell

As Marquette embarked on a yearlong celebration of the 50th anniversary of its nationally recognized Educational Opportunity Program for first-generation and underrepresented students, a generous alumnus stepped forward to support these students.

Thomas Werner, Eng '86, and his wife, Suzanne, committed \$5 million to launch The Thomas and Suzanne Werner Endowed Scholars Program for First-Generation Students. Their gift also supports Ready to Inspire Success and Excellence (RISE), Marquette's new award-winning pre-orientation program.

More than 20 percent of current Marquette students are the first in their family to attend college, and the university also nearly doubled its undergraduate student diversity from 15 percent in 2008 to 28 percent in 2019. The RISE program provides multicultural and underrepresented students with additional resources, connections and a stronger sense of belonging on campus weeks before they begin classes.

"Tom and Suzanne's belief in the mission of Marquette University,

our ability to deliver a transformational education and the need to provide access all came together in this incredibly generous gift," President Michael R. Lovell says. "Scholarships are a top priority of our strategic plan, *Beyond Boundaries*, and the Werners' commitment will forever benefit the lives of future students and their families."

Tom Werner has served as a member of the Board of Trustees since 2012 and has led Silicon Valley-headquartered SunPower Corp., a leading global solar company, as its chief executive officer since June of 2003.

"I was very lucky when I grew up," Werner says. "For me, a college education was expected, and even a given, but that isn't true for so many young people.

"As a Trustee of Marquette University, this was a great opportunity to give back and to open wider doors for higher education. We are proud that more first-generation and minority students will now have the opportunity to make a significant impact on the world by attending a great institution with tremendous leadership and a strong mission."

## Management's Discussion and Analysis

The objective of management's discussion and analysis ("MD&A") is to give readers an overview of the financial position and operating activities of Marquette University for the year ended June 30, 2020, with selected comparative information for the year ended June 30, 2019. This discussion should be read in conjunction with the audited financial statements and the notes to the financial statements.

The statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The three primary statements included in this report are the Statements of Financial Position, the Statements of Activities, and the Statements of Cash Flows. Financial statement footnotes provide additional explanations for various portions the financial statements.

### Marquette University

Marquette University is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. Through its eleven nationally and internationally recognized separate colleges and schools, the University offers a comprehensive range of bachelor's degree programs, master's degree programs, doctoral degree programs, and post-baccalaureate first professional degree programs. A Marquette education offers students a virtually unlimited number of paths and destinations and prepares them for the world by asking them to think critically about it.

### COVID-19

The results of operations for the fiscal year ending June 30, 2020 were directly affected by the impacts of the COVID-19 public health crisis on the University.

The financial impacts on the University's fiscal 2020 operations were approximately \$14.0 million, primarily due to a reduction of room and board revenue, as well as other lost revenues and additional expenses related to the public health crisis. To mitigate the adverse financial impacts of COVID-19, the University significantly reduced discretionary spending, suspended travel by University personnel, furloughed approximately 250 employees, and accepted approximately \$3.3 million of emergency relief funds from the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") which was used to partially offset institutional losses (the University also received an additional \$3.3 million of CARES Act funds that have been disbursed to eligible students). In total, these mitigation efforts combined with CARES Act funding were able to offset \$14.0 million budgetary shortfall for fiscal 2020.

Going forward, the pandemic could continue to adversely affect the university's ability to conduct its operations and impact financial results. The Board of Trustees along with university's management are monitoring the outbreak and potential financial impact and are prepared to take measures to protect the health of the campus community and promote the continuity of the university mission.

### Statement of Financial Position

The statement of financial position provides information about an organization's assets, liabilities, and net assets at a specific moment in time. The statement reports total

assets, liabilities, and net assets. Net assets are separated into two classifications: without donor restrictions and with donor restrictions. Additional information about net assets can be found in Note 1(b) of the consolidated financial statements.

The statement of financial position, along with related footnote disclosures, has a two-fold purpose. First, the statement is meant to help assess the university's ability to continue to provide services. Second, the statement is meant to provide information about liquidity, financial flexibility, ability to meet obligations, and potential needs for external financing.

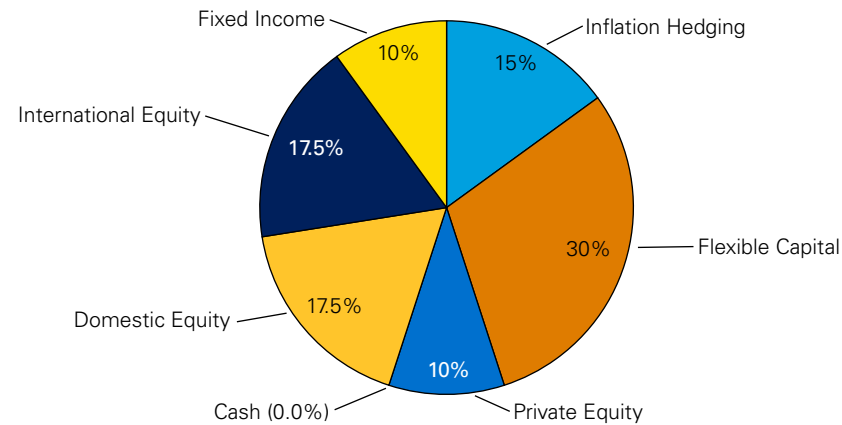
Changes in cash and cash equivalents are detailed in the statement of cash flows.

Pledges receivable consists of unconditional promises to give and is recorded as contribution revenue, at fair value, in the period the promise is made by a donor. The fair value of the pledge is estimated based on anticipated future cash payments discounted using a risk-adjusted rate commensurate with the duration of the planned payments.

Student repayments of federal program loans resulted in a lower student accounts and loans receivable balance. Under federal program guidelines, universities are no longer allowed to award new Federal Perkins Loans. Additional information about student accounts and loans receivable can be found in Note 1(f) of the consolidated financial statements.

Investments represent the largest university asset. Investments consist of long-term cash equivalents, endowment, trust and other investments. The endowment fund's investment objective is to preserve purchasing power, while providing a continuing and stable funding source to support the overall mission of Marquette University. To accomplish this objective, the fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the fund and eroding effects of inflation. The fund is managed on a total return basis.

To achieve this investment objective, the fund is allocated among several asset classes with a bias toward equity and equity-like investments. The fund is diversified both by and within asset classes. Diversification provides reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund. As a result, the risk level associated with the portfolio investment is reduced. The following chart displays the endowment targeted asset allocation:



The 5-year Marquette endowment performance is summarized in the table below:

ENDOWMENT PERFORMANCE SUMMARY						
	5-YEAR ANNUALIZED	FISCAL YEAR ENDING				
		2020	2019	2018	2017	2016
Market Value (in millions)		\$693.7	\$698.0	\$668.8	\$626.2	\$550.1
Endowment	4.9%	0.9%	5.3%	7.9%	11.8%	-0.9%
Policy Index	4.3%	1.6%	4.2%	7.3%	10.6%	-1.6%
S&P 500 Index	10.7%	7.5%	10.4%	14.4%	17.9%	4.0%
MSCI AC World ex USA (Net)	2.3%	-4.8%	1.3%	11.1%	20.5%	-10.2%
Barclays Capital Agg. Bond Index	4.3%	8.7%	7.9%	-0.4%	-0.3%	6.0%

Additional information on endowments and endowment income can be found in Note 4 of the consolidated financial statements.

Net property, buildings and equipment were lower as depreciation exceeded new purchases of property, buildings and equipment. The University opened a new Physician Assistant Studies building in the Fall of 2019. Additional information about property, buildings and equipment can be found in Note 1(h) of the consolidated financial statements.

The \$154.9 million increase in notes and bonds payable is due to two debt issuances, partially offset by refunding of existing debt and regularly scheduled debt payments. The two new debt issuances that occurred in FY20 were:

- The tax-exempt WHEFA Series 2019 was issued for the purpose of refunding the WHEFA series 2008 B1-B3 and supporting the construction cost of the New Physician Assistant Studies building.
- The Fixed Rate Taxable Series 2020 was issued to provide liquidity during the uncertain COVID-19 pandemic, provide option for potential debt future debt defeasance and support for capital expenditures to maintain existing facilities and for potential construction projects.

Additional details regarding notes and bonds payable can be found in Note 7 of the consolidated financial statements.

## Statement of Activities

The Statement of Activities is the university's operating statement. It reflects financial transactions from the beginning to the end of the fiscal year which result in increases or decreases in net assets. The statement of activities reflects changes for both types of net assets, without donor restrictions and with donor restrictions.

The statement of activities, along with the related footnote disclosures, are intended to provide the reader with information that will evaluate the not-for-profit organization's performance during the fiscal year; assess the university's service efforts and its ability to continue to provide services; and assess how university's management has discharged their stewardship responsibilities and other aspects of their performance.

For fiscal year 2020, Marquette University's operating income was \$53.7 million. Operating results in the consolidated statement of activities reflect all transactions that change net assets, except for activity associated with endowment investments and certain other nonrecurring transactions.

The fiscal year 2020 operating revenue increase is primarily due to net student tuition and fees and contribution income.

Net tuition and fees of \$271.1 million represents a \$14.5 million increase over the prior year. This increase is primarily attributable to rate increases.

Total grant revenue increased \$6.5 million over the prior year. The increase is primarily due to Coronavirus Aid, Relief, and Economic Security (CARES) Act. Fifty percent of the funding was used to cover costs associated with significant changes to the delivery of instruction due to the coronavirus incurred on or after March 13, 2020. Marquette used this \$3.3M to partially cover refunded room and board. These funds were accounted for as grant revenue and grant expense. The remaining 50% of the funding was used for the sole and exclusive purpose of providing emergency financial aid grants to students for their expenses related to the disruption of campus operations. Marquette distributed these funds to students through financial aid based on student need.

Major contributions were received to support scholarships, the St Norbert-MU Pathway, Endowed Professorship in Psychology, Endowed Fellowship in Mental Health, the Nursing program, Athletics and future capital construction projects. The "Philanthropy" section details some of the large contributions received during the fiscal year.

Contribution revenue of \$66.3 million reported within the statements of activities is calculated based on GAAP. As is widespread practice, University Advancement reports fundraising according to the guidelines established by the Council for Advancement and Support of Education (CASE). CASE guidelines represent the philanthropy reporting standard for colleges and universities. Under CASE guidelines, philanthropic giving totaled \$95.3 million in fiscal year 2020.

A normal bridging from GAAP to CASE totals displaying customary adjustments is provided below:

<i>(dollars in thousands)</i>	
Per GAAP	\$66.3
Accrual basis adjustment	(0.7)
Priority point gifts	3.9
Grants	11.0
Revocable planned gifts	9.7
Conditional Gifts/Other	5.1
<b>Per CASE</b>	<b>\$95.3</b>

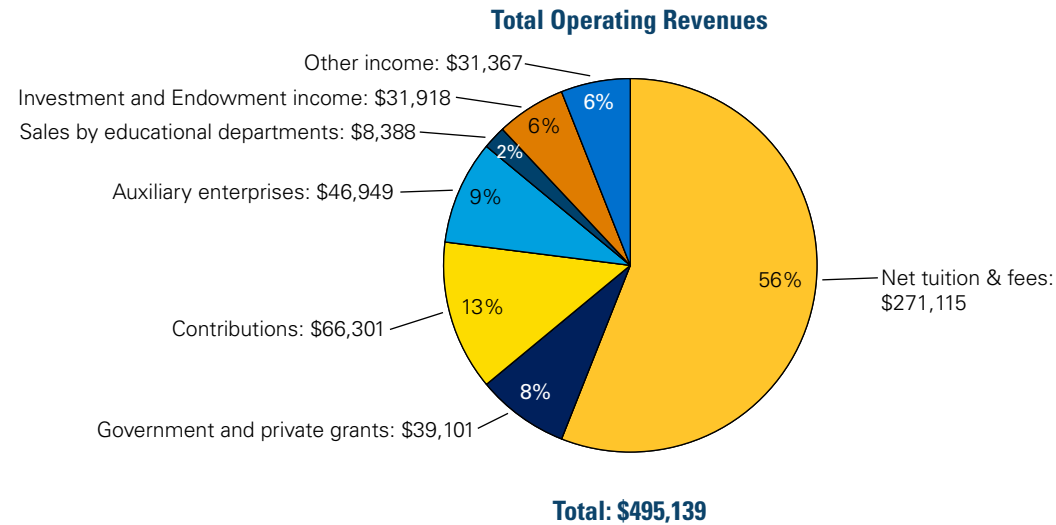
University philanthropic efforts will continue to pursue support for our students, programs, research and capital priorities.

Additional information on GAAP reporting of contributions revenue and pledges receivable is provided in Notes 1(e) and 6 of the consolidated financial statements.

Auxiliary enterprise revenue of \$46.9 million represents a \$11.4 million or 20% decrease below the prior year. This decrease is primarily attributable to refunding room and board to students that vacated residence halls midway through the spring semester following the transition to remote learning due to COVID-19.

Endowment income used in operations of \$30.1 million reflects a \$1.7 million increase over the prior year.

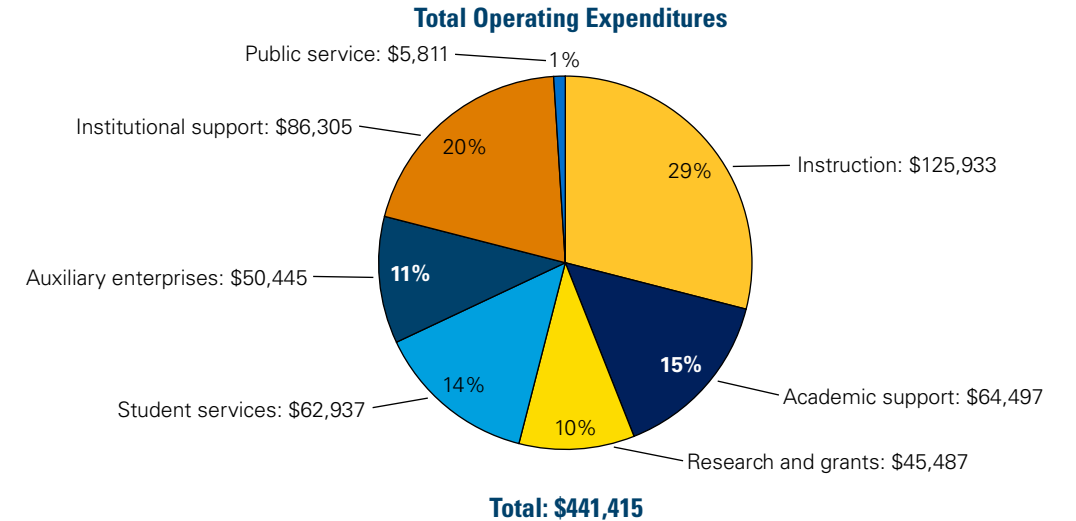
The following chart shows total operating revenues by source:



Expenditures were relatively flat compared to the prior fiscal year as investments to further the mission of the university were offset by concerted efforts to reduce spending following the onset of COVID-19. Expenditures by function are displayed in the following table.

	FY20	FY19	INCREASE/ DECREASE
Instruction	125.9	124.5	1.4
Academic support and libraries	64.5	63.9	0.6
Research and grants	45.5	42.5	3.0
Student services	62.9	66.6	(3.7)
Auxiliary enterprises	50.5	51.5	(1.0)
Institutional support	86.3	87.4	(1.1)
Public service	5.8	6.0	(0.2)
<b>Total</b>	<b>441.4</b>	<b>442.4</b>	<b>(1.0)</b>

The following chart shows total operating expense by service:



Additional information on expenses is provided in Note 13 of the consolidated financial statements.

### Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments of the university during the fiscal year. This statement also provides insight into university investing and financing activities.

The statement of cash flows shows how changes in balance sheet accounts and income affect cash and cash equivalents. It breaks down the analysis into operating, investing and financing activities. The cash flow statement explains the flow of cash in and out of the university. The statement is intended to provide information on the university's liquidity and solvency. The statement also provides information for evaluating changes in assets, liabilities and equity, while indicating the amount, timing and probability of future cash flows.

Cash and cash equivalents at fiscal year-end total \$211.2 million. Cash equivalents with original maturities of three months or less are classified as cash and cash equivalents. Year over year operating cash increased mainly as a result of cash provided by the issuance of notes and bonds payable.

Net cash provided from operations continues to be positive.

Net cash used in investing activity is a result of the university investing in the campus master plan through construction projects related to academic programming.

Net cash provided from financing activities was \$186.9 million due primarily to the \$202.1 million of notes and bonds payable issued during the fiscal year. Approximately \$47.1 million of cash was used to repay existing notes and bonds payable during the fiscal year. Cash flows provided by from financing activities also includes the generous support of university donors, including contributions for major capital projects of \$5.1 million and contributions for endowments of \$31.3 million.



# CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019 | With Independent Auditors' Report Thereon

**KPMG LLP**  
Suite 1050  
833 East Michigan Street  
Milwaukee, WI 53202-5337

September 4, 2020

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Marquette University, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 Marquette University as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

## Consolidated Statements of Financial Position

**JUNE 30, 2020 AND 2019**

(Dollars in thousands)

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$211,224	33,204
Pledges receivable, net	59,363	50,435
Student accounts and loans receivable, net	44,038	47,485
Investments	711,823	733,108
Other assets	8,393	10,031
Property, buildings, and equipment, net	640,969	643,191
<b>TOTAL ASSETS</b>	<b>\$1,675,810</b>	<b>1,517,454</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$75,036	88,917
Deferred revenue and deposits	46,657	41,471
Refundable federal loan grants	35,742	40,561
Notes and bonds payable, net	374,925	220,020
<b>TOTAL LIABILITIES</b>	<b>532,360</b>	<b>390,969</b>
<b>NET ASSETS:</b>		
Without donor restrictions	407,836	416,803
With donor restrictions	735,614	709,682
<b>TOTAL NET ASSETS</b>	<b>1,143,450</b>	<b>1,126,485</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,675,810</b>	<b>1,517,454</b>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities  
YEAR ENDED JUNE 30, 2020

(Dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>OPERATING REVENUES:</b>			
Student tuition and fees, net	\$271,115	—	271,115
Government and private grants	39,101	—	39,101
Contributions	5,106	61,195	66,301
Auxiliary enterprises	46,949	—	46,949
Sales by educational departments	8,388	—	8,388
Investment income	630	1,142	1,772
Endowment income used in operations	5,990	24,156	30,146
Other income	31,367	—	31,367
Net assets released from restrictions	35,058	(35,058)	—
<b>TOTAL OPERATING REVENUES</b>	<b>443,704</b>	<b>51,435</b>	<b>495,139</b>
<b>OPERATING EXPENSES:</b>			
Instruction	125,933	—	125,933
Academic support and libraries	64,497	—	64,497
Research	45,487	—	45,487
Student services	62,937	—	62,937
Auxiliary enterprises	50,445	—	50,445
Institutional support	86,305	—	86,305
Public services	5,811	—	5,811
<b>TOTAL OPERATING EXPENSES</b>	<b>441,415</b>	<b>—</b>	<b>441,415</b>
<b>OPERATING INCOME</b>	<b>2,289</b>	<b>51,435</b>	<b>53,724</b>
<b>NONOPERATING ACTIVITIES:</b>			
Endowment loss in excess of amounts designated for current operations, net	(7,365)	(19,599)	(26,964)
Other, net	(3,891)	(5,904)	(9,795)
<b>TOTAL NONOPERATING ACTIVITIES, NET</b>	<b>(11,256)</b>	<b>(25,503)</b>	<b>(36,759)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(8,967)</b>	<b>25,932</b>	<b>16,965</b>
Net assets, beginning of year	416,803	709,682	1,126,485
Net assets, end of year	\$407,836	735,614	1,143,450

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities  
YEAR ENDED JUNE 30, 2019

(Dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>OPERATING REVENUES:</b>			
Student tuition and fees, net	\$256,633	—	256,633
Government and private grants	32,583	—	32,583
Contributions	6,228	41,484	47,712
Auxiliary enterprises	58,337	—	58,337
Sales by educational departments	10,294	—	10,294
Investment income	1,305	1,238	2,543
Endowment income used in operations	6,086	22,314	28,400
Other income	36,462	—	36,462
Net assets released from restrictions	35,964	(35,964)	—
<b>TOTAL OPERATING REVENUES</b>	<b>443,892</b>	<b>29,072</b>	<b>472,964</b>
<b>OPERATING EXPENSES:</b>			
Instruction	124,496	—	124,496
Academic support and libraries	63,885	—	63,885
Research	42,500	—	42,500
Student services	66,564	—	66,564
Auxiliary enterprises	51,500	—	51,500
Institutional support	87,406	—	87,406
Public services	6,048	—	6,048
<b>TOTAL OPERATING EXPENSES</b>	<b>442,399</b>	<b>—</b>	<b>442,399</b>
<b>OPERATING INCOME</b>	<b>1,493</b>	<b>29,072</b>	<b>30,565</b>
<b>NONOPERATING ACTIVITIES:</b>			
Endowment (loss) gain in excess of amounts designated for current operations, net	(1,113)	6,279	5,166
Other, net	14,139	(21,971)	(7,832)
<b>TOTAL NONOPERATING ACTIVITIES, NET</b>	<b>13,026</b>	<b>(15,692)</b>	<b>(2,666)</b>
<b>CHANGE IN NET ASSETS</b>	<b>14,519</b>	<b>13,380</b>	<b>27,899</b>
Net assets, beginning of year	402,284	696,302	1,098,586
Net assets, end of year	\$416,803	709,682	1,126,485

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2020 AND 2019

(Dollars in thousands)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$16,965	27,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,243	39,433
Discount amortization	(1,438)	(983)
Net realized and unrealized appreciation on investments	(2,045)	(30,427)
Bad debt expense	919	1,638
Contributions for major capital projects including gifts in kind	(5,278)	(5,468)
Contributions restricted for long-term endowments	(32,598)	(20,805)
Endowment income used in operations from net assets to be maintained permanently	(236)	(241)
(Loss) gain on sale of property, buildings, and equipment	(1,194)	1,645
Changes in assets and liabilities:		
Student accounts and loans receivable	(1,421)	164
Pledges receivable	(7,643)	(5,916)
Other assets, net	1,629	(1,615)
Accounts payables and other liabilities	922	8,768
Deferred revenue and deposits	5,186	(305)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>15,011</b>	<b>13,787</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, buildings, and equipment	(38,853)	(73,721)
Proceeds from sale of property, buildings, and equipment	1,373	27
Student loans repayments	7,477	7,964
Student loans issued	(3,510)	(2,705)
Purchase of investments	(229,480)	(149,846)
Proceeds from the sale of investments	239,106	151,357
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(23,887)</b>	<b>(66,924)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions received for major capital projects	5,115	5,192
Proceeds from contributions restricted for long-term endowments	31,305	27,600
Endowment income used in operations from net assets to be maintained permanently	236	241
Decrease in refundable federal loan grants	(4,819)	(421)
Issuance of notes and bonds payable	202,143	—
Repayment of notes and bonds payable	(47,084)	(9,535)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>186,896</b>	<b>23,077</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>178,020</b>	<b>(30,060)</b>
Cash, cash equivalents and restricted cash, beginning of year	33,204	63,264
Cash, cash equivalents and restricted cash, end of year	\$211,224	33,204
Supplemental disclosure of cash flow information		
Cash paid for interest	\$9,619	9,782
Change in construction payables	(958)	1,913
Capital gifts in kind	162	278

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

JUNE 30, 2020 AND 2019 | (DOLLARS IN THOUSANDS)

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) ORGANIZATION

Marquette University (the university) is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. The university provides education and training services, primarily for students enrolled in undergraduate, graduate, and professional degree programs and performs research, training and other services under grants, contracts and other agreements with sponsoring organizations, including both government agencies and private enterprises.

The consolidated financial statements include Flora Real Properties LLC (Flora). Flora is fully controlled by the university through 100% ownership. Flora operates commercial real estate activities in the university campus area.

#### (B) BASIS OF PRESENTATION

The consolidated financial statements of the university have been prepared in conformity with U.S. generally accepted accounting principles (GAAP).

The accompanying consolidated financial statements present information regarding the university's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

#### (i) Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

#### (ii) With Donor Restrictions

Net assets that are subject to donor restrictions that will be met either by actions of the university or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the university, wherein the donor stipulates that the corpus of the gift be held in perpetuity and the income from those assets be made available for scholarships or program operations.

#### (C) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and

expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### (D) CASH AND CASH EQUIVALENTS

Cash equivalents with original maturities of three months or less are classified as cash and cash equivalents, except those amounts held by investment managers, which are classified as investments. The fair value of cash equivalents is estimated to be the same as book value due to the short maturity of these instruments.

#### (E) PLEDGES RECEIVABLE

Unconditional promises to give are recognized initially at fair value as contribution revenue in the period the promise is made by a donor. The fair value of the pledge is estimated based on anticipated future cash payments discounted using a risk-adjusted rate commensurate with the duration of the planned payments. In subsequent periods, the discount rate is unchanged. Pledges receivable are net of an allowance for uncollectible amounts. Allowance for uncollectible pledges is calculated based upon the university's past collection experience. The allowance is reassessed and adjusted as necessary.

**(F) STUDENT ACCOUNTS AND LOANS RECEIVABLE, NET**

At June 30, student accounts and loans receivable consisted of the following:

*(dollars in thousands)*

	2020	2019
Federal government loan programs	\$29,258	33,268
Institutional loan programs	1,485	1,443
Student receivables	8,358	7,020
Grants receivables	4,983	4,939
Other receivables	3,367	3,852
<b>SUBTOTAL</b>	<b>47,451</b>	<b>50,522</b>
<b>LESS ALLOWANCES FOR DOUBT ACCOUNTS</b>	<b>(3,413)</b>	<b>(3,037)</b>
<b>STUDENT ACCOUNTS AND LOANS RECEIVABLE, NET</b>	<b>\$44,038</b>	<b>47,485</b>

The university records an allowance for uncollectible accounts when, in management's judgment, it is probable a portion of the receivable or loan will not be collected. Allowances for doubtful accounts are established based on prior collections. Balances are written off when they are deemed to be permanently uncollectible.

**(G) INVESTMENTS**

Investments are reported at fair value based on market quotes with unrealized gains and losses thereon included in the consolidated statements of activities. When a ready market for the investments does not

exist, the net asset value is used as a practical expedient in estimating fair value, based on information provided by fund managers or general partners. The estimated values are reviewed and evaluated by the university. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

**(H) PROPERTY, BUILDINGS, AND EQUIPMENT, NET**

Property, buildings, and equipment are recorded at cost at date of acquisition or fair value at date of

donation including, where appropriate, capitalized interest. Property and equipment under capital leases are initially valued and recorded on the present value of minimum lease payments. The university depreciates buildings, building improvements, land improvements, equipment, library contents, and eBooks over the estimated useful lives of the assets (25 to 50, 10 to 20, 10 to 20, 5 to 7, 20 and 20 years, respectively) using the straight-line method. Leasehold improvements are amortized over the shorter of the expected useful life of the asset or term of the related lease.

Property, buildings, and equipment include the following at June 30, 2020 and 2019:

*(dollars in thousands)*

	2020	2019
Land and improvements	\$61,646	60,336
Buildings and improvements	830,504	807,806
Construction in progress	20,500	21,894
Furniture, fixtures, and equipment	166,319	158,871
Library contents	123,014	122,012
eBooks and other intangibles	22,454	17,882
Less accumulated depreciation	(583,468)	(545,610)
<b>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</b>	<b>\$640,969</b>	<b>643,191</b>

Construction in progress includes the following as of June 30, 2020 and 2019:

*(dollars in thousands)*

	2020	2019
Animal research center renovations	\$9,091	—
Electrical improvements	2,030	—
Facilities planning and management relocation	1,606	—
Physician assistant building	—	13,679
Johnston Hall renovations	—	1,119
Other renovation and construction projects	7,773	7,096
<b>TOTAL CONSTRUCTION IN PROGRESS</b>	<b>\$20,500</b>	<b>21,894</b>

**(I) CAPITAL GIFTS TO ACQUIRE OR CONSTRUCT LONG-LIVED ASSETS**

Capital gifts to acquire or construct long-lived assets are recorded as a gift with donor restriction until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions as other non-operating activity and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to \$6,849 in fiscal year 2020 and \$6,568 in fiscal year 2019, is recorded as a reclassification between non-operating and operating

sections of the changes in net assets without donor restrictions in the consolidated statement of activities.

**(J) REFUNDABLE FEDERAL LOAN GRANTS**

The university participates in the Perkins, Health Professionals Student, Nursing Student, Nurse Faculty, ARRA-Nurse Faculty, and Loans for Disadvantaged Student federal revolving loan programs. The university holds certain amounts advanced from the federal government to facilitate these loan programs. In the event the university no longer participates, the amounts related to the program are generally refundable to the government.

**(K) STUDENT TUITION AND FEES**

Student tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Scholarships reduce the amount of revenue recognized. The university provided student tuition discounts of \$184,362 and \$172,282 in 2020 and 2019, respectively. Students who withdraw may receive a full or partial refund in accordance with the university's refund policy. Deferred tuition revenue and deposits represents payments for summer term courses conducted in July and August along with deposits for the fall academic term.

The following tables depict activities for deferred revenue.

*(dollars in thousands)*

BALANCE AT JUNE 30, 2019	REVENUE RECOGNIZED	CASH RECEIVED IN ADVANCE OF PERFORMANCE	ACCOUNTS RECEIVABLE FOR SUMMER COURSES	BALANCE AT JUNE 30, 2020
\$8,575	8,575	9,250	487	9,737

*(dollars in thousands)*

BALANCE AT JUNE 30, 2018	REVENUE RECOGNIZED	CASH RECEIVED IN ADVANCE OF PERFORMANCE	ACCOUNTS RECEIVABLE FOR SUMMER COURSES	BALANCE AT JUNE 30, 2019
\$8,612	8,612	8,146	429	8,575

The balance of deferred tuition revenue at June 30, 2020, will be recognized as revenue in the year ending June 30, 2021 as services are rendered.

The university applies the practical expedient in Accounting Standards Codification (ASC) 606-10-50-14 and therefore does not disclose information about performance obligations that have an origination and expected duration within the fiscal year.

**(L) AUXILIARY ENTERPRISES**

Auxiliary enterprises include revenues and expenses of the university for room and board, parking services, commercial property rentals and gift shops.

**(M) CONTRIBUTIONS**

Contributions, including unconditional promises to give (pledges), are recorded as operating revenue. Gifts, excluding artwork, are recognized in the appropriate category of net assets in the period received. Contributions are recorded at their estimated fair value at the date the gift is received. Contributions receivable due beyond one year are stated at estimated net present value, net of an allowance, and recorded as net assets with donor restrictions until cash payments are received and donor restrictions are fulfilled. Allowances and revisions to previous year contributions based on donor amendments or clarifications of intent are reflected within the consolidated statements of activities as a nonoperating item. Contributions with donor-imposed conditions are not recognized unless it is reasonably expected that the conditions can be met.

**(N) OPERATING INCOME**

Operating results in the consolidated statement of activities reflect

all transactions that change net assets without donor restrictions, except for activity associated with endowment investments and certain other nonrecurring transactions, including adjustments to allowance for uncollectible contributions, changes due to adopting new accounting guidance, and other gains and losses. In accordance with the university's endowment distribution policy as described in note 4, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Operating investment income consists of dividends, interest, and realized gains and losses on unrestricted nonendowed investments.

**(O) INCOME TAXES**

The university is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 71.26(1)(a) of the Wisconsin statutes and is generally not subject to federal and state income taxes. However, the university is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

There was no provision for income taxes due on unrelated business income and there are no uncertain tax positions considered to be material.

As of June 30, 2020, the university has a federal tax credit carryforward of \$3,086, which expires between fiscal years 2034 and 2039.

**(P) POSTRETIREMENT BENEFITS**

The university provides retired employees access to certain healthcare and life insurance benefits. University employees become eligible to access these

benefits when their years of service plus age equal 70 with a minimum age of 55. Qualified retired employees under the age of 65 are eligible to participate in the university's healthcare plan. Retirees are expected to pay the full cost of their premiums, based on the claims experience associated with that defined group of retired employees. The university also pays group life insurance premiums for active or future retired employees hired prior to February 1, 1982 that provide for limited death benefits. The premiums paid are based on the group community rate associated with death claims filed for the entire population of employees and retirees participating in the program. As of June 30, 2020 and 2019, the university had post-retirement benefits payable of \$4,525 and \$4,481, respectively.

**(Q) ART COLLECTION**

The university has various collections of fine arts and rare books in museums, libraries, and on loan. The university does not assign or record a value to art works and other collections received as gifts or purchased with contributions restricted for that purpose. Valuations for some collections are updated periodically, and as such, the total of all fine arts may vary with appraisals and/or auction prices. Accordingly, the values of fine art and other collections have been excluded from the consolidated statements of financial position. Proceeds, if any, deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. The art and other collections are subject to a requirement that proceeds from their sales be used to acquire other items for the collections. Fine arts are included in insurance coverage

for the university property and a separate policy is also secured for fine art of high value and where appraised values are listed. As of June 30, 2020, the specific policy covering highly valued works provides for insured coverage of \$100,000 aggregate limit (subject to policy sublimit-including \$3,000 for the Joan of Arc Chapel) for any one loss or any one occurrence and includes some appraised items from the library collections.

**(R) RECENT ACCOUNTING PRONOUNCEMENTS**

During 2020, the university adopted Accounting Standards Update (ASU) No. 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and*

*Contributions Made*. This guidance includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. As a result of this ASU, grants are accounted for like conditional contributions. The adoption of this ASU did not have a material impact on the university's consolidated financial statements.

**(S) RECLASSIFICATION**

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

**(2) AVAILABILITY OF FINANCIAL ASSETS FOR GENERAL EXPENDITURES**

Resources available to the university to fund general expenditures, such as operating expenses, scheduled principal payments on debt, and internally funded capital costs have seasonal variations related to the timing of tuition payments, receipts of gifts and pledge payments, and transfers from the endowment. The university actively manages its resources, utilizing a combination of short-term and long-term operating investment strategies to align cash inflows with anticipated outflows. At June 30, 2020, existing financial assets and liquidity resources available within one year were as follows:

*(dollars in thousands)*

<b>Financial assets:</b>	
Cash and cash equivalents	\$211,224
Accounts receivable and prepaid	16,368
Pledges payments available for operations	5,617
Working capital investments	4
Endowment spending payout	30,146
<b>TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR</b>	<b>263,359</b>
<b>Liquidity resources:</b>	
Bank line of credit	50,000
<b>TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR</b>	<b>\$313,359</b>

Additionally, the university has \$118,538 in board-designated funds functioning as endowment of which \$96,361 can be liquidated within one year with Board approval, however, no liquidation is anticipated as of June 30, 2020.

**(3) INVESTMENTS**

A summary of the university's investment return net of expenses is presented below for the years ended June 30, 2020 and 2019:

*(dollars in thousands)*

	2020	2019
Interest and dividends	\$2,909	5,851
Gain on investments, net	2,045	30,258
<b>RETURN ON INVESTMENTS</b>	<b>\$4,954</b>	<b>36,109</b>

The fair value of the university's financial instruments is determined using the valuation methods and assumptions as set forth below. While the university believes that its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

Fair values of cash and cash equivalents are based on observable market quotation prices provided by investment managers and the custodian bank at the reporting date.

Funds held in collateral under the securities lending agreement are recorded at fair market value based on quoted market prices provided by the custodian bank. The custodian banks use a variety of pricing sources to determine market valuations. Observable market quoted prices and specific pricing services or indexes are used to value investments. The securities portfolio is highly liquid, generally allowing the portfolio to be priced through pricing services. As of June 30, 2020 and 2019, the university had loaned securities with a market value of \$9,512 and \$22,724, respectively, that were secured by collateral with a market value of approximately \$9,300 and \$23,216, respectively. The collateral received in connection with the security lending program and the obligation to return such collateral are reported as investments and accounts payable, respectively, in the consolidated financial statements.

Unexpended bond proceeds are invested in various securities based on expected risk, returns and maturities that mirror the anticipated timing of construction project payment needs. Fair values of unexpended bond proceeds securities are based on prices provided by the trustee

bank. Unexpended bond proceeds include cash equivalents and fixed income securities where their fair values are based on observable market quotation prices. The trustee bank uses a variety of pricing sources to determine market valuations of fixed maturity securities. The specific pricing services or indexes for each sector of the market are based upon the provider's expertise. The fixed maturity securities are highly liquid, allowing the portfolio to be priced through pricing services.

Investments include money funds, federal, state, local agency, nongovernment, asset and mortgage-backed and foreign fixed income securities, stocks, mutual funds, commingled funds, real estate, multistrategy hedge funds and private equity partnership and membership interests. Investments are based on valuations provided by external investment managers and the custodian banks. Valuations provided by external investment managers and the custodian bank include observable market quotation prices, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Real estate, multi-strategy hedge funds, commingled funds and private equity partnerships are valued using net asset value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the university's interests in the funds.

Payables under the securities lending agreement are included in accounts payable and accrued liabilities on the consolidated statements of financial position and are based on

quoted market prices provided by the custodian bank. The custodian banks use a variety of pricing sources to determine market valuations. Observable market quoted prices and specific pricing services or indexes are used to value investments. The securities portfolio is highly liquid, generally allowing the portfolio to be priced through pricing services.

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices in active markets that the university has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices in active markets such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs where there is little or no market data and requires the reporting entity to develop its own assumptions and includes funds held in trust by others.

The university's policy is to reflect transfers between levels at the end of the year in which a change in circumstances results in the transfer.

The following table presents the university's financial instruments at fair value as of June 30, 2020. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

(dollars in thousands)

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<i>June 30, 2020:</i>				
<b>ASSETS:</b>				
<b>Recurring:</b>				
Cash and cash equivalents	\$211,224	211,224	—	—
<b>Investments:</b>				
Money funds and other	19,573	19,573	—	—
Federal, state, and local agency securities	694	—	694	—
Nongovernment bonds and notes	266	—	266	—
Asset and mortgage-backed securities	318	—	318	—
Foreign bonds and notes	125	—	125	—
Common and preferred stocks	51,698	51,698	—	—
Mutual funds—bonds	66,773	66,773	—	—
Mutual funds—equity	101,459	101,459	—	—
Receivables under securities lending agreement	9,430	—	9,430	—
Investments measured at net asset value	461,487	—	—	—
<b>TOTAL INVESTMENTS</b>	<b>711,823</b>	<b>239,503</b>	<b>10,833</b>	<b>—</b>
<b>TOTAL ASSETS MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$923,047</b>	<b>450,727</b>	<b>10,833</b>	<b>—</b>
<b>LIABILITIES:</b>				
<b>Recurring:</b>				
Payables under securities lending agreement	\$9,512	—	9,512	—
<b>TOTAL LIABILITIES MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$9,512</b>	<b>—</b>	<b>9,512</b>	<b>—</b>

Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2020 are as follows:

(dollars in thousands)

FISCAL YEAR ENDED JUNE 30, 2020	NET ASSETS VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Commingled funds	\$93,701	—	Weekly, Monthly, Annually	10–30 days
Multi-strategy hedge funds	242,275	1,840	Quarterly, Semi-annually, Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	107,435	48,454	Illiquid	
Real estate limited partnership and membership interests	18,076	20,902	Illiquid	
	<b>\$461,487</b>	<b>71,196</b>		

The following table presents the university's financial instruments at fair value as of June 30, 2019. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

(dollars in thousands)

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<b>June 30, 2019:</b>				
<b>ASSETS:</b>				
<b>Recurring:</b>				
Cash and cash equivalents	\$33,204	33,204	—	—
<b>Investments:</b>				
Money funds and other	36,083	36,083	—	—
Federal, state, and local agency securities	3,979	—	3,979	—
Nongovernment bonds and notes	3,322	—	3,322	—
Asset and mortgage-backed securities	426	—	426	—
Foreign bonds and notes	738	—	738	—
Common and preferred stocks	50,281	50,281	—	—
Mutual funds—bonds	37,208	37,208	—	—
Mutual funds—equity	104,164	104,075	89	—
Receivables under securities lending agreement	23,216	—	23,216	—
Investments measured at net asset value	473,691	—	—	—
<b>TOTAL INVESTMENTS</b>	<b>733,108</b>	<b>227,647</b>	<b>31,770</b>	<b>—</b>
<b>TOTAL ASSETS MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$766,312</b>	<b>260,851</b>	<b>31,770</b>	<b>—</b>
<b>LIABILITIES:</b>				
<b>Recurring:</b>				
Payables under securities lending agreement	\$23,216	—	23,216	—
<b>TOTAL LIABILITIES MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$23,216</b>	<b>—</b>	<b>23,216</b>	<b>—</b>

Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2019 are as follows:

(dollars in thousands)

FISCAL YEAR ENDED JUNE 30, 2019	NET ASSETS VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Commingled funds	\$84,528	—	Weekly, Monthly	10–30 days
Multi-strategy hedge funds	271,606	—	Quarterly, Semi-annually, Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	100,394	56,798	Illiquid	
Real estate limited partnership and membership interests	17,163	26,554	Illiquid	
	<b>\$473,691</b>	<b>83,352</b>		

#### (4) ENDOWMENT

##### (A) INTERPRETATION OF RELEVANT LAW GOVERNING ENDOWMENTS

The State of Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. This law provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the university to spend from an endowment fund without regard to the book value of the corpus. The university classifies as net assets with donor restrictions (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. Also included in net assets with donor restrictions is accumulated appreciation on endowment funds which are available for expenditure in a manner consistent with the standard of prudence established by UPMIFA.

##### (B) UNDERWATER ENDOWMENT FUNDS

From time to time, the value of assets associated with a permanently restricted fund may fall below the historical cost. Deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market conditions that occurred after the investment of endowed contributions and from appropriations to certain programs. As of June 30, 2020 and 2019, funds with fair market value of \$96,023 and \$31,099, an original gift value of \$101,100 and \$32,358 were underwater by \$5,077 and \$1,259, respectively.

##### (C) ENDOWMENT SPENDING POLICY

The primary objective of the spending policy is to provide a steady cash flow stream while at the same time protecting the purchasing power of the endowment fund's principal. Adopting the target rate approach provides the university with a level-spending plan. Spending allotments will begin with the flat amount allocated to each individual endowment fund balance as of June 30, 2004 that may grow each year by an inflationary amount not to exceed 3%. Spending allotments will be increased by new gift additions to the individual endowment funds receiving spending authority equal to 5% of the new gift amount.

Compliant with UPMIFA, the university will be allowed to prudently withdraw spendable funds even if an endowment's market value is less than its historical book value. Any "return" that is not required to meet spending shall be retained in the endowment funds and invested in accordance with the investment policy statement.

A risk control mechanism will be employed that keeps spending within a range of 4–6% of market value in order for the asset allocation policy to work with a minimum target rate of return of 8% (5% average spending and 3% inflation).

##### (D) ENDOWMENT INVESTMENT POLICY

The endowment fund's investment objective is to preserve its purchasing power while providing a continuing and stable funding source to support the overall mission of the university. To accomplish this objective, the endowment fund seeks to generate a

total return that will exceed its annual spendable amount, all expenses associated with managing the endowment fund, and the eroding effects of inflation. It is the intention that any excess return (interest income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the endowment fund. The endowment fund will be managed on a total return basis, consistent with the applicable standard of conduct set forth in UPMIFA.

The endowment fund has a long-term investment horizon with relatively low liquidity needs. For this reason, the endowment fund can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the endowment fund may take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the university will conduct ongoing reviews of total fund liquidity.

Endowment net assets without donor restriction are "Investments functioning as endowment" that are not permanently restricted by donors but are designated by the university for endowment purposes.

The following represents the composition and changes in endowment net assets for the year ended June 30, 2020:

(dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$123,360	582,116	705,476
Investment return:			
Investment loss	—	(78)	(78)
Endowment income used for spending policy	5,990	24,156	30,146
Net realized and unrealized losses	(6,757)	(17,605)	(24,362)
<b>TOTAL INVESTMENT RETURN</b>	<b>(767)</b>	<b>6,473</b>	<b>5,706</b>
Appropriation of endowment assets for expenditure	(5,990)	(23,920)	(29,910)
Contributions	1,935	32,598	34,533
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$118,538</b>	<b>597,267</b>	<b>715,805</b>

Endowment net assets without donor restriction are "Investments functioning as endowment" that are not permanently restricted by donors but are designated by the university for endowment purposes. The following represents the composition and changes in endowment net assets for the year ended June 30, 2019:

(dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$123,638	554,770	678,408
Investment return:			
Investment loss	—	(17)	(17)
Endowment income used for spending policy	6,086	22,314	28,400
Net realized and unrealized (losses) gains	(365)	6,316	5,951
<b>TOTAL INVESTMENT RETURN</b>	<b>5,721</b>	<b>28,613</b>	<b>34,334</b>
Appropriation of endowment assets for expenditure	(6,087)	(22,072)	(28,159)
Contributions	88	20,805	20,893
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$123,360</b>	<b>582,116</b>	<b>705,476</b>

#### (5) IRREVOCABLE SPLIT-INTEREST AGREEMENTS AND FUNDS HELD IN TRUST BY OTHERS

The university's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable remainder trusts for which the university serves as trustee. Assets are invested and payments are made to beneficiaries in accordance with the respective agreements.

Assets associated with split-interest agreements are included in investments on the consolidated statement of financial position.

A liability for split-interest obligations is recorded when the agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments.

The university is the beneficiary of trusts that, in accordance with the decedent's instructions, are managed

and maintained by separate trustees not affiliated with the university. The university receives distributions from the trusts. The fair value of the trusts was \$27,203 and \$27,269 at June 30, 2020 and 2019, respectively, and are included in investments on the consolidated statement of financial position.

For those agreements where the university does not serve as trustee, but is designated as an irrevocable beneficiary of the trust, restricted funds held in trust and revenue are

recognized for the present value of the estimated future benefits due to the university over the life of the trust and when the trust is distributed. The present value calculation of the trust considers both the discount rate and, if applicable, the estimated life expectancy of the trust originator.

#### (6) PLEDGES RECEIVABLE

Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those

amounts are computed using an appropriate risk-free rate of return on the date the promise to give is received. Amortization of the discount is included in contribution revenues.

As of June 30, 2020, and 2019, the contributions receivable is due as follows:

(dollars in thousands)

	2020	2019
Less than one year	\$24,633	18,566
Two to five years	38,768	35,944
Over five years	5,265	5,116
<b>SUBTOTAL</b>	<b>68,666</b>	<b>59,626</b>
Less unamortized discount	(4,060)	(4,824)
Allowance for uncollectible accounts	(5,243)	(4,367)
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$59,363</b>	<b>50,435</b>

In addition, the university has received certain conditional promises to give that are in the form of revocable trusts, bequests and pledges. As of June 30, 2020 and 2019, the fair value of these conditional promises is approximately \$177,795 and \$155,062, respectively. These amounts can be recognized as revenue in the periods in which the conditions are fulfilled.

#### (7) NOTES AND BONDS PAYABLE, NET

As of June 30, 2020, and 2019, notes and bonds payable consisted of the following:

(dollars in thousands)

	2020	2019
Revenue Bonds, Series 2008B1, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2030	\$—	14,280
Revenue Bonds, Series 2008B2, payable with fixed interest rates ranging from 2.25% to 5.00%, maturing through 2030	—	9,030
Revenue Bonds, Series 2008B3, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2030	—	16,060
Revenue Bonds, Series 2011A, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2020	2,895	5,680
Revenue Bonds, Series 2012, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2032	73,645	75,045
Revenue Bonds, Series 2016, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2047	78,600	80,275
Revenue Bonds, Series 2019, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2033	43,650	—
Taxable Fixed Rate Bonds, Series 2020, payable with fixed interest rates ranging from 1.00% to 4.00%, maturing through 2050	150,000	—
Other long-term payables with variable interest rate, maturing through 2024	1,067	—
<b>SUBTOTAL</b>	<b>349,857</b>	<b>200,370</b>
Unamortized premiums, discount and issuance costs	25,068	19,650
<b>NOTES AND BONDS PAYABLE, NET</b>	<b>\$374,925</b>	<b>220,020</b>



Notes are issued under the Master Indenture and are equally and ratably secured by any lien created under the Master Indenture.

The notes and bonds payable are subject to various covenants. Management confirms the university is in compliance with all covenants as of and for the years ended June 30, 2020 and 2019.

Maturities of notes and bonds payable based on scheduled repayments at June 30, 2020 are as follows:

<i>(dollars in thousands)</i>	
Fiscal year 2021	\$9,006
Fiscal year 2022	9,473
Fiscal year 2023	10,054
Fiscal year 2024	13,509
Fiscal year 2025	14,040
Thereafter	293,775
<b>TOTAL</b>	<b>\$349,857</b>

As of June 30, 2020, the university has two secured letters of credit with banks under which it may borrow up to \$3,101. There were no borrowings outstanding under these letters of credit as of June 30, 2020 and 2019.

As of June 30, 2020, the university has a \$50,000 line of credit with a bank. There were no borrowings outstanding under this line of credit as of June 30, 2020 and 2019.

## (8) RESTRICTED CASH AND INVESTMENTS

The composition of assets restricted to investment in land, buildings and equipment as of June 30, 2020 and 2019 is shown below.

<i>(dollars in thousands)</i>	2020	2019
Restricted cash	\$10,067	6,030
Contributions receivable	18,656	11,209
Investments	4	1,000
<b>TOTAL ASSETS RESTRICTED FOR INVESTMENT IN LAND, BUILDING AND EQUIPMENT</b>	<b>\$28,727</b>	<b>18,239</b>

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statement of financial position that sum to the total of same amounts shown in the consolidated statement of cash flows.

<i>(dollars in thousands)</i>	2020	2019
Cash and cash equivalents	\$201,157	27,174
Restricted cash included in assets restricted to investment in land, buildings and equipment	10,067	6,030
<b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS</b>	<b>\$211,224</b>	<b>33,204</b>

Assets restricted to investment in land, buildings and equipment include restricted cash equivalents received with a donor-imposed restriction that limits the use of that cash to long-term purposes.

## (9) RETIREMENT PLAN

All eligible full-time and part-time personnel who meet the waiting period criteria, may elect to participate in a defined contribution individual retirement plan. Under the provisions of the plan in order to receive the university's matching contribution, participants are required to contribute 5% of their annual wages to the plan. The university has neither administrative responsibilities nor any financial liabilities under this plan except to make contributions, currently limited to 8% of the

annual wages of participants, up to defined limits. In addition, voluntary contributions by participants may be made subject to Internal Revenue Service limitations. Payments for contributions to this plan totaled \$11,675 and \$11,522 in fiscal years 2020 and 2019, respectively.

## (10) SELF-FUNDED HEALTH, DENTAL AND VISION BENEFIT PLANS

The university has self-funded benefit plans covering all active and certain

retired employees' health, dental and vision costs. Under the plans, the university's losses are limited, through the use of excess loss insurance, to \$350 per claim. Claims paid under the plans for fiscal years 2020 and 2019 totaled \$26,065 and \$27,766, respectively. The university has also contracted with third party administrators to provide administrative services for the plans. Accrued liabilities include an estimate of the university's liability for claims incurred but not paid through June 30, 2020 and 2019.

## (11) NET ASSETS

Net assets consist of the following as of June 30, 2020 and 2019:

<i>(dollars in thousands)</i>	2020	2019
Without donor restrictions:		
Board designated endowments	\$118,538	123,360
Other net assets without donor restrictions	289,298	293,443
<b>TOTAL WITHOUT DONOR RESTRICTIONS</b>	<b>407,836</b>	<b>416,803</b>
With donor restrictions:		
Amounts with time and purpose restrictions:		
Academic support, instruction and student services	138,890	137,511
Pledges receivable, net	27,900	22,435
Scholarships	58,836	71,498
Life income and annuity funds	4,472	5,148
Physical assets	6,848	8,595
<b>TOTAL NET ASSETS WITH TIME AND PURPOSE RESTRICTIONS</b>	<b>236,946</b>	<b>245,187</b>
Amount with permanent restrictions:		
Academic support, instruction and student services	\$183,582	173,735
Pledges receivable, net	26,807	24,002
Scholarships	285,990	262,988
Life income and annuity funds	2,289	3,770
<b>TOTAL NET ASSETS WITH PERMANENT RESTRICTIONS</b>	<b>498,668</b>	<b>464,495</b>
<b>TOTAL WITH DONOR RESTRICTIONS</b>	<b>735,614</b>	<b>709,682</b>
<b>TOTAL NET ASSETS</b>	<b>\$1,143,450</b>	<b>1,126,485</b>

## (12) COMMITMENTS AND CONTINGENCIES

The university is involved in various litigation arising in the normal course of operations. On the basis of information presently available and the advice of legal counsel, management is of the opinion that any liability, to the extent not provided for through reserves or otherwise, for pending litigation is not expected to be material in relation to the university's financial position or activities.

As of June 30, 2020, the university has outstanding commitments for the following construction projects:

*(dollars in thousands)*

Animal research center renovations	\$881

The university leases athletic and other facilities and equipment under noncancelable arrangements that are accounted for as operating leases. Total future commitments under these leases as of June 30, 2020 are as follows:

*(dollars in thousands)*

FY21	\$1,528
FY22	1,301
FY23	1,338
FY24	1,275
FY25	1,313
Thereafter	12,030
<b>TOTAL FUTURE COMMITMENTS</b>	<b>\$18,785</b>

## (13) EXPENSES

The university's primary programs are instruction, research, and public service. Academic support and libraries, student services, and auxiliary enterprises are considered integral to the delivery of these programs. Athletics expenses are included in student services. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon square footage. Interest expense on external debt is allocated to the activities that have most directly benefited from the debt proceeds. Natural expenses allocated by function for the years ended June 30, 2020 and 2019 are as follows:

*(dollars in thousands)*

2020						
	COMPENSATION	SUPPLIES, REPAIRS, UTILITIES AND OTHER	INTEREST	DEPRECIATION	OPERATIONS AND MAINTENANCE	TOTAL
Instruction	\$100,117	9,602	2,006	—	14,208	125,933
Academic support and libraries	39,649	11,012	321	—	13,515	64,497
Research	25,828	17,848	—	608	1,203	45,487
Student services	32,038	21,553	333	—	9,013	62,937
Auxiliary enterprises	5,322	18,334	3,598	—	23,191	50,445
Institutional support	56,675	20,046	1,979	299	7,306	86,305
Public services	4,772	920	3	—	116	5,811
Operations and maintenance	9,738	18,220	258	40,336	(68,552)	—
<b>TOTAL OPERATING EXPENSES</b>	<b>\$274,139</b>	<b>117,535</b>	<b>8,498</b>	<b>41,243</b>	<b>—</b>	<b>441,415</b>

*(dollars in thousands)*

2019						
	COMPENSATION	SUPPLIES, REPAIRS, UTILITIES AND OTHER	INTEREST	DEPRECIATION	OPERATIONS AND MAINTENANCE	TOTAL
Instruction	\$98,581	11,029	2,023	—	12,863	124,496
Academic support and libraries	38,560	12,218	334	—	12,773	63,885
Research	25,204	15,792	—	467	1,037	42,500
Student services	33,029	24,822	440	—	8,273	66,564
Auxiliary enterprises	5,428	21,006	3,184	—	21,882	51,500
Institutional support	57,724	20,590	1,198	246	7,648	87,406
Public services	4,878	1,059	4	—	107	6,048
Operations and maintenance	9,585	15,889	389	38,720	(64,583)	—
<b>TOTAL OPERATING EXPENSES</b>	<b>\$272,989</b>	<b>122,405</b>	<b>7,572</b>	<b>39,433</b>	<b>—</b>	<b>442,399</b>

## (14) RESEARCH AND GRANT COSTS

The university receives grant and contract revenue from various government agencies and private sources for the support of research, training, and other sponsored programs. Revenues associated with the direct costs of these programs are recognized as the related costs are incurred. Indirect cost reimbursements from federal agencies are based on negotiated predetermined rates. Research and grant costs reported for fiscal years 2020 and 2019 comprise of the following:

*(dollars in thousands)*

	2020	2019
Sponsored research	\$32,258	32,159
Teaching and training	5,450	6,162
Development and others	7,779	4,179
<b>TOTAL RESEARCH AND GRANTS</b>	<b>\$45,487</b>	<b>42,500</b>

## (15) SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The pandemic could adversely affect the university's ability to conduct its operations and impact financial results. The Board of Trustees and the university's management are monitoring the outbreak and potential financial impact and are prepared to take measures to protect the health of the campus community and promote the continuity of the university mission.

Other than disclosed in the previous paragraph, subsequent events have been evaluated through September 4, 2020 which is the date the consolidated financial statements were available to be issued. No other subsequent events were identified requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements.

## BOARD OF TRUSTEES

**Todd A. Adams**, Vice Chair, President and Chief Executive Officer, Rexnord Corporation

**Joanna M. Bauza**, Bus Ad '97, President, The Cervantes Group

**Tim M. Bergstrom**, Bus Ad '99, President and Chief Operating Officer, Bergstrom Automotive

**Rick T. Dillon**, Bus Ad '93, Executive Vice President and Chief Financial Officer, Enerpac Tool Group

**Robert J. Eck**, Arts '80, Chair, Retired Chief Executive Officer, Anixter International Inc.

**Hon. Janine P. Geske**, Law '75, Retired Professor of Law and Retired Justice of the Wisconsin Supreme Court

**Jon D. Hammes**, Managing Partner, Hammes Company

**Nancy Hernandez**, Grad '02, President, Hispanic Collaborative

**Rev. Thomas A. Lawler, S.J.**, Assistant Director, Jesuit Retreat House

**Patrick S. Lawton**, Bus Ad '78, Grad '80, Managing Director, Fixed Income Capital Markets Group, Robert W. Baird & Co.

**Rev. Brian F. Linnane, S.J.**, President, Loyola University Maryland

**Dr. Michael R. Lovell**, President, Marquette University

**Vincent P. Lyles**, System Vice President of Community Relations, Advocate Aurora Health Care

**Raymond J. Manista**, Arts '87, Law '90, Executive Vice President, Chief Legal Officer, Chief Compliance Officer and Secretary, Northwestern Mutual

**Rev. Patrick McGrath, S.J.**, President, Loyola Academy

**Kelly McShane**, Arts '68, Retired School Psychologist, Special Education District of Lake County

**Micky S. Minhas**, Eng '89, Senior Vice President, Marconi

**Rev. Thomas W. Neitzke, S.J.**, Dean, Arrupe College of Loyola University Chicago

**Janis M. Orłowski, M.D.**, Eng '78, Chief Health Care Officer, Association of American Medical Colleges

**Rev. Michael Rozier, S.J.**, Assistant Professor of Health Management and Policy, Saint Louis University

**Amy Ford Souders**, Arts '92, Principal and Director, Cornerstone Government Affairs, LLC

**Owen J. Sullivan**, Arts '79, Chief Operating Officer, NCR Corporation

**Christopher J. Swift**, Bus Ad '83, Chairman of the Board of Directors and Chief Executive Officer, The Hartford

**Peggy Troy**, Nurs '74, President and Chief Executive Officer, Children's Wisconsin

**Joseph A. Walicki**, Retired Chief Executive Officer and Vice Chairman, Clarios

**Thomas H. Werner**, Eng '86, Chief Executive Officer and Chairman of the Board, SunPower Corporation

**Chris Woleske**, Law '94, President and Chief Executive Officer, Bellin Health

**Hon. James A. Wynn, Jr.**, Law '79, Judge, U.S. Court of Appeals for the Fourth Circuit

**Rev. Michael A. Zampelli, S.J.**, Associate Professor of Theatre, Fordham University

### EMERITI TRUSTEES

**John A. Becker**, Bus Ad '63, Grad '65

**John F. Bergstrom**, Bus Ad '67

**Natalie A. Black**, Law '78

**John F. Ferraro**, Bus Ad '77

**Richard J. Fotsch**, Eng '77, Grad '84

**Rev. James G. Gartland, S.J.**

**Rev. Michael J. Graham, S.J.**

**Rev. James E. Grummer, S.J.**

**Mary E. Henke**

**Darren R. Jackson**, Bus Ad '86

**James F. Janz**, Bus Ad '62, Law '64

**Jeffrey A. Joerres**, Bus Ad '83

**James H. Keyes**, Bus Ad '62

**Rev. Timothy R. Lannon, S.J.**

**Rev. Gregory F. Lucey, S.J.**

**John P. Lynch**, Arts '64

**John P. Madden**, Bus Ad '56

**Dr. Arnold L. Mitchem**, Grad '81

**Rev. Joseph M. O'Keefe, S.J.**

**James D. O'Rourke**, Bus Ad '87

**Rev. Ladislav M. Orsy, S.J.**

**Ullice Payne, Jr.**, Bus Ad '78, Law '82

**Kristine A. Rappé**

**Joseph J. Rauenhorst**, Arts '78

**Glenn A. Rivers**, Arts '85

**James A. Runde**, Eng '69

**Louis J. Rutigliano**, Eng '60, Grad '65

**Hon. W. Greg Ryberg**, Arts '68

**Wayne R. Sanders**, Grad '72

**Mary Ladish Selander**

**Mary Ellen Stanek**, Arts '78

**John J. Stollenwerk**, Sp '62, Grad '66

**Charles M. Swoboda**, Eng '89

**Cherryl T. Thomas**, Arts '68

**Rev. L. John Topel, S.J.**, Arts '73

**Rhona Vogel**, Bus Ad '76

**James M. Weiss**, Arts '68

**Rev. Robert A. Wild, S.J.**

**Anne A. Zizzo**, Jour '87

## UNIVERSITY LEADERSHIP

### EXECUTIVE LEADERSHIP

**Dr. Michael R. Lovell**, President

**Dr. Kimo Ah Yun**, Provost and Executive Vice President for Academic Affairs and Corporate Vice President

**Joel Pogodzinski**, Bus Ad '94, Senior Vice President, Chief Operating Officer and Corporate Treasurer

### SENIOR LEADERSHIP

**Rana Altenburg**, Arts '88, Vice President, Public Affairs

**Dr. John Baworowski**, Vice President, Enrollment Management

**Dr. Xavier Cole**, Vice President, Student Affairs

**Dr. Maura Donovan**, Vice President, Economic Engagement

**Steven W. Frieder**, Arts '95, Senior Advisor to the President and Corporate Secretary

**Ian Gonzalez**, Bus Ad '02, Vice President for Finance and Corporate Assistant Treasurer

**Dr. Jeanne Hossenlopp**, Vice President, Research and Innovation

**Edith Hudson**, Chief, Marquette University Police Department

**Jeff Kipfmüller**, Law '93, Acting Vice President and General Counsel

**Tim McMahon**, Vice President, University Advancement

**Dr. Gary Meyer**, Senior Vice Provost, Faculty Affairs

**Dave Murphy**, Vice President, Marketing and Communication

**Rev. Gregory O'Meara, S.J.**, Rector, Marquette University Jesuit Community, and Associate Professor of Law

**Claudia Paetsch**, Vice President, Human Resources

**Laurie Panella**, Bus Ad '87, Chief Information Officer

**Bill Scholl**, Vice President and Director of Athletics

**Lora Strigens**, Vice President, Planning and Facilities Management

**Dr. John Su**, Vice Provost, Academic Affairs

**Rev. James Voiss, S.J.**, Vice President, Mission and Ministry

**Dr. William Welburn**, Vice President, Inclusive Excellence

### DEANS

**Dr. Heidi Bostic**, Helen Way Klingler College of Arts and Sciences

**Dr. William E. Cullinan**, PT '81, College of Health Sciences

**Dr. Sarah Feldner**, J. William and Mary Diederich College of Communication

**Timothy Hanley**, Bus Ad '78, College of Business Administration (Acting)

**Dr. William A. Henk**, College of Education

**Joseph D. Kearney**, Law School

**Dr. Janet Wessel Krejci**, College of Nursing

**Dr. William K. Lobb**, School of Dentistry

**Dr. Kristina M. Ropella**, Eng '85, Opus College of Engineering

**Janice S. Welburn**, University Libraries

**Dr. Douglas W. Woods**, Vice Provost for Graduate and Professional Studies; Dean, Graduate School

### SENATE

**Dr. Sumana Chattopadhyay**, Chair, University Academic Senate

**Dr. Allison Abbott**, Vice Chair, University Academic Senate

**Cliona Draper**, Chair, University Staff Senate

**Carol Trecek**, Vice Chair, University Staff Senate



MARQUETTE  
UNIVERSITY

---

**BE THE DIFFERENCE.**