



COMBINED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

**KANSAS WESLEYAN UNIVERSITY AND
FOUNDATION**

June 30, 2015 and 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Boards of Trustees
Kansas Wesleyan University and Foundation

We have audited the accompanying combined financial statements of Kansas Wesleyan University, a Kansas nonprofit organization, and Foundation (collectively the “Entity”), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Kansas Wesleyan University and Foundation as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

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

Grant Thornton LLP

Wichita, Kansas
December 18, 2015

COMBINED FINANCIAL STATEMENTS

Kansas Wesleyan University and Foundation

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 899,895	\$ 1,136,447
Investments	4,822,243	5,047,054
Accounts receivable, less allowance for uncollectible accounts of \$30,000 in 2015 and 2014	101,989	159,580
Unconditional promises to give, net	3,538,966	2,141,977
Notes receivable, net	924,804	880,841
Bond issuance costs, net	96,706	109,600
Cash and investments restricted for long-term purposes	15,860,292	16,328,701
Beneficial interests in perpetual trusts	14,397,414	14,541,228
Property, plant and equipment, net	28,443,378	23,916,384
Other assets	231,728	219,127
Total assets	\$ 69,317,415	\$ 64,480,939

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 2,108,300	\$ 1,292,496
Deposits, advance enrollments and deferred revenue	447,636	464,341
Deposits held in custody for others	218,026	215,533
Refundable government loan program	821,787	866,177
Bonds payable	3,960,000	4,500,000
Liability for future annuity payments	78,333	78,333
Total liabilities	7,634,082	7,416,880

NET ASSETS

Unrestricted		
Available for operations	4,164,744	3,897,369
Investment in property, plant and equipment	24,580,084	19,525,984
Student loan funds	64,592	90,816
Total unrestricted net assets	28,809,420	23,514,169
Temporarily restricted		
Scholarships and other	3,184,262	4,457,548
Special projects and purposes	2,609,147	2,672,901
Total temporarily restricted net assets	5,793,409	7,130,449
Permanently restricted		
Scholarships and other	27,073,444	26,412,381
Special projects and purposes	7,060	7,060
Total permanently restricted net assets	27,080,504	26,419,441
Total net assets	61,683,333	57,064,059
Total liabilities and net assets	\$ 69,317,415	\$ 64,480,939

The accompanying notes are an integral part of these statements.

Kansas Wesleyan University and Foundation

COMBINED STATEMENTS OF ACTIVITIES

Year ended June 30,

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains and other support				
Educational and general				
Tuition and fees	\$ 15,921,179	\$ -	\$ -	\$ 15,921,179
Less: scholarships and other aid	(7,331,505)	-	-	(7,331,505)
Net tuition and fees	8,589,674	-	-	8,589,674
Gifts and bequests	530,985	4,604,410	1,244,235	6,379,630
Governmental grants	143,658	-	-	143,658
Realized and unrealized gains (losses), net	81,964	343,512	(143,814)	281,662
Interest and dividends	47,362	376,580	-	423,942
Other	93,559	-	-	93,559
Total educational and general	9,487,202	5,324,502	1,100,421	15,912,125
Auxiliary enterprises	3,905,985	-	-	3,905,985
Independent operations	109,444	-	-	109,444
Total revenues and gains	13,502,631	5,324,502	1,100,421	19,927,554
Net assets released from restrictions	7,100,900	(6,661,542)	(439,358)	-
Total revenues, gains and other support	20,603,531	(1,337,040)	661,063	19,927,554
Expenses				
Educational and general				
Instruction	3,516,293	-	-	3,516,293
Academic support	569,517	-	-	569,517
Student services	1,573,247	-	-	1,573,247
Athletics	2,027,537	-	-	2,027,537
Institutional support	3,174,302	-	-	3,174,302
Operation and maintenance of plant	869,798	-	-	869,798
Other expenses	164,856	-	-	164,856
Total educational and general	11,895,550	-	-	11,895,550
Auxiliary enterprises	3,288,930	-	-	3,288,930
Independent operations	123,800	-	-	123,800
Total expenses	15,308,280	-	-	15,308,280
Change in net assets	5,295,251	(1,337,040)	661,063	4,619,274
Net assets, beginning of year	23,514,169	7,130,449	26,419,441	57,064,059
Net assets, end of year	<u>\$ 28,809,420</u>	<u>\$ 5,793,409</u>	<u>\$ 27,080,504</u>	<u>\$ 61,683,333</u>

The accompanying notes are an integral part of these statements.

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 15,229,038	\$ -	\$ -	\$ 15,229,038
(6,243,046)	-	-	(6,243,046)
8,985,992	-	-	8,985,992
1,111,878	1,205,595	203,351	2,520,824
143,678	-	-	143,678
41,867	2,754,699	1,106,270	3,902,836
100,526	362,340	-	462,866
61,038	-	-	61,038
10,444,979	4,322,634	1,309,621	16,077,234
3,684,260	-	-	3,684,260
104,865	-	-	104,865
14,234,104	4,322,634	1,309,621	19,866,359
1,084,084	(1,084,084)	-	-
15,318,188	3,238,550	1,309,621	19,866,359
3,423,876	-	-	3,423,876
632,069	-	-	632,069
1,554,255	-	-	1,554,255
1,807,384	-	-	1,807,384
3,152,720	-	-	3,152,720
901,490	-	-	901,490
162,995	-	-	162,995
11,634,789	-	-	11,634,789
3,237,497	-	-	3,237,497
122,567	-	-	122,567
14,994,853	-	-	14,994,853
323,335	3,238,550	1,309,621	4,871,506
23,190,834	3,891,899	25,109,820	52,192,553
<u>\$ 23,514,169</u>	<u>\$ 7,130,449</u>	<u>\$ 26,419,441</u>	<u>\$ 57,064,059</u>

Kansas Wesleyan University and Foundation

COMBINED STATEMENTS OF CASH FLOWS

Year ended June 30,

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 4,619,274	\$ 4,871,506
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation of property, plant and equipment	856,311	846,413
Amortization of bond issuance costs and discount	12,894	12,894
Unrealized (gains) losses, net	8,312	(3,494,642)
Realized gains, net	(289,974)	(408,194)
Gifts and bequests restricted for long-term investments	(1,244,235)	(203,351)
Gain on sale of property, plant and equipment	-	(11,572)
Changes in operating assets and liabilities		
Accounts receivable	57,591	(48,492)
Unconditional promises to give	(1,109,174)	(888,571)
Notes receivable	(43,963)	(27,925)
Other assets	(12,601)	50,410
Accounts payable and accrued expenses	(158,808)	70,438
Deposits, advance enrollments and deferred revenue	(16,705)	19,366
Net cash provided by operating activities	2,678,922	788,280
Cash flows from investing activities		
Purchases of investments	(23,739,873)	(17,861,186)
Proceeds from sales of investments	24,858,569	18,214,201
Purchase of property, plant, and equipment	(4,408,693)	(1,086,669)
Proceeds from the sale of property, plant and equipment	-	149,322
Net cash used in investing activities	(3,289,997)	(584,332)
Cash flows from financing activities		
Principal payments on bonds payable	(540,000)	(520,000)
Gifts and bequests restricted for long-term investments	956,420	203,351
Decrease in refundable government loan program	(44,390)	(24,051)
Change in deposits held in custody for others	2,493	(16,759)
Net cash provided by (used in) financing activities	374,523	(357,459)
Change in cash and cash equivalents	(236,552)	(153,511)
Cash and cash equivalents, beginning of year	1,136,447	1,289,958
Cash and cash equivalents, end of year	\$ 899,895	\$ 1,136,447
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 96,859	\$ 109,135
Noncash investing and financing activities		
Property, plant and equipment additions in accounts payable	974,612	-

The accompanying notes are an integral part of these statements.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Nature of operations

Kansas Wesleyan University (a Kansas nonprofit organization) is a liberal arts college under the auspices of the United Methodist Church.

The Kansas Wesleyan University Foundation (the "Foundation") (a Kansas nonprofit organization) is a foundation established to receive, invest and disburse amounts for the benefit of Kansas Wesleyan University and institutions related to, affiliated with and cooperating with Kansas Wesleyan University. A substantial portion of the Foundation's assets are presented as an endowment fund of Kansas Wesleyan University (see Note J). The financial statements of the Foundation are combined with the financial statements of Kansas Wesleyan University collectively (the "University"). All significant balances and transactions between these organizations have been eliminated in the combination.

On June 5, 2014, the Foundation amended its bylaws. The amended bylaws state that the Foundation Trustees shall be elected by the Foundation Board. The Chairperson of the University Board of Trustees and the President of Kansas Wesleyan University shall serve as ex-officio Foundation Trustees without vote. Kansas Wesleyan University has an economic interest in the net assets of the Foundation; however, as a result of the amendment to the bylaws, Kansas Wesleyan University does not control the Foundation. Combined financial statements are presented in accordance with accounting guidance and the Boards of Trustees of Kansas Wesleyan University and the Foundation determined that presenting combined financial statements of Kansas Wesleyan University and the Foundation is most meaningful to the readers of the financial statements.

2. Basis of presentation

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

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

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

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Donor-restricted contributions which restrictions are met in the same reporting period are reported as unrestricted revenue.

Government grants received from the United States Department of Education with limitations on the use of the resources are reported as unrestricted revenues when grants are awarded to students because the limitations are not donor-imposed restrictions.

Realized and unrealized gains (losses) and income on investments of endowment and similar funds are reported as follows:

- as increases (decreases) in permanently restricted net assets if the terms of the gift require that they be included in the principal of a permanent endowment fund;
- as increases (decreases) in temporarily restricted net assets if the terms of the gift impose time or purpose restrictions on their use or if derived from the principal of a donor-imposed permanent endowment fund until appropriated for expenditure; or
- as increases (decreases) in unrestricted net assets in all other cases.

3. Cash and cash equivalents

For the purposes of the statement of cash flows, the University considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. Cash held in investment accounts is classified as investments. The University places its cash and cash equivalents with high quality financial institutions, which at times may exceed federally insured limits. The University has not experienced any losses on such accounts.

4. Investments and cash and investments restricted for long-term purposes

Cash and certificates of deposit are carried at cost. Investments in money market funds, debt and equity securities and mutual and other funds with readily determinable fair values are carried at fair value. Unrealized gains and losses are included in the change in net assets.

5. Accounts receivables

Accounts receivable are stated at the amount billed to the students less applied scholarships, loan proceeds and payments received from the student and third parties and an allowance for uncollectible accounts. The University extends unsecured credit and loans to students. The University provides an allowance for uncollectible accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of the term, unless the student has made other payment arrangements. Accounts receivable are considered past due based upon payment terms set forth at the date of the related service provided.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Notes receivable

Notes receivables include amounts due under the Federal Perkins Loan Program which are stated at the outstanding principal amount, net of an allowance for uncollectible accounts, if necessary. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements for the Federal Perkins Loan Program. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for uncollectible accounts, which is based upon a review of outstanding loans, historical collection information and existing economic conditions. Interest income is recorded as received which is not materially different from the amount that would have been recognized on the accrual basis. Loans that are past due for at least one payment are considered delinquent. Delinquent loans are written off based on individual credit evaluation and specific circumstances of the student.

7. Property, plant and equipment

Purchases of property, plant and equipment are capitalized at cost. Additions and betterments of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Donated assets are capitalized at fair value when received.

Depreciation expense is determined using the straight-line method over the estimated useful life of each depreciable asset as follows:

Land improvements	10-40 years
Buildings and improvements	10-40 years
Equipment and furnishings	10 years
Vehicles	5 years

8. Bond issuance costs

Bond issuance costs consist of costs incurred in connection with the issuance of bond obligations. These costs have been deferred and are being amortized over the term of the related bonds using the straight line method, which approximates the effective interest method. Bond issuance costs are presented net of accumulated amortization of \$32,233 and \$19,339 at June 30, 2015 and 2014, respectively.

9. Beneficial interests in perpetual trusts

The University is a beneficiary of certain irrevocable trusts held by third parties where the trustees have no discretion regarding the beneficiaries' participation in the trusts. The University's proportionate share of the fair value of the trusts, which approximates the net present value of the estimated future cash flows receivable by the University, is reported as an asset and as contribution revenue at the formation of the trusts.

Annual income distributions from the trusts are recognized as investment income in the appropriate net asset classification in accordance with the restrictions of the trusts. Changes in the University's proportionate share of the fair value of the trusts are reported as unrealized gains (losses) in the appropriate net asset classification in accordance with the restrictions of the trusts, generally as permanently restricted net assets.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

10. Charitable gift annuities

The University has entered into annuity agreements whereby in exchange for a gift from donors, the University is obligated to make fixed annual payments to the donors or other designated beneficiaries during their lifetime. The assets received and annuity liabilities are recognized at fair value at inception. The fair value of the liability at inception is estimated based on the actuarial present value of the payments expected to be made. In subsequent periods, the annuity liability is reduced by payments and adjusted for amortization of the discount and changes in life expectancy of the beneficiary.

11. Refundable government loan program

The refundable government loan program liability includes advances from the U.S. Government under the Federal Perkins Loan Program and the program's cumulative net income (loss), as these funds are ultimately refundable to the U.S. Government.

12. Functional allocation of expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

13. Advertising

Advertising costs are charged to expense when incurred in the combined statement of activities. Advertising costs incurred during the years ended June 30, 2015 and 2014 were \$144,083 and \$181,726, respectively.

14. Income taxes

The University is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The University annually evaluates tax positions taken with regard to unrelated business income, related deductions applied, or other activities that may jeopardize its tax exempt status and thus would meet the definition of an uncertain tax position. The University recognizes the financial statement benefit of a tax position only after determining the relevant taxing authority would more likely than not sustain the position following an audit. The University has concluded that there are no uncertain tax positions taken that would require recognition of a liability or disclosure in the financial statements. The University recognizes interest and penalties on tax assessments as other expenses within the combined statement of activities. The University is generally no longer subject to U.S. federal and state income tax examinations by taxing authorities for fiscal years before 2012.

In July of 2011, the Foundation received notification from the Internal Revenue Service that its tax exempt status was revoked. Management of the Foundation has taken steps to request retroactive reinstatement of the tax exempt status. While it is not possible at this time to predict or determine the final outcome of the request for reinstatement, it is the opinion of management, based upon Internal Revenue Service statutes, that the tax exempt status will be retroactively reinstated.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

15. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16. Subsequent events

The University has evaluated its subsequent events (events occurring after June 30, 2015) through December 18, 2015, which represents the date the combined financial statements were available to be issued. The University is not aware of any subsequent events that would require recognition or disclosure in the combined financial statements.

NOTE B - INVESTMENTS

Investments and cash and investments restricted for long-term purposes at June 30 consist of the following:

	2015	2014
Carried at cost		
Cash	\$ 850	\$ 126,452
Certificates of deposit	41,474	84,760
	42,324	211,212
Carried at fair value		
Money market funds	2,551,158	530,127
Equity securities	2,358,336	2,805,127
Equity mutual funds	10,814,784	12,716,825
Fixed income mutual funds	1,325,514	1,176,839
Other mutual funds	92,275	374,200
Greater Salina Community Foundation Fund	37,367	37,767
U.S. Government and agency securities	449,748	322,677
Corporate bonds	1,921,419	2,457,803
Municipal bonds	1,089,610	743,178
	20,640,211	21,164,543
	\$ 20,682,535	\$ 21,375,755

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE C - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

Beneficial interests in perpetual trusts are comprised of the estimated fair value of the University's beneficial interests in perpetual trusts held by third parties. Under the terms of the trusts and subject to applicable laws and regulations, the trustee annually determines the estimated total return of the trusts for the next year and distributes those earnings to the University. Because the estimated total return is used to determine the distribution, a portion of the principal of the trust may be received incidentally.

The underlying assets held by the perpetual trusts include the following as of June 30:

	2015	2014
Cash	\$ 119,934	\$ 157,671
Money market funds	142,075	217,171
Equity securities	563,556	653,401
Equity mutual funds	2,587,721	2,184,062
Fixed income mutual funds	567,654	533,330
Other mutual funds	210,571	370,999
U.S. Government and agency securities	185,099	177,923
Corporate bonds	484,114	381,527
Municipal bonds	55,291	47,223
Common trust funds	553,783	891,614
Real estate	8,734,308	8,639,501
Mineral interests	193,308	286,806
	\$ 14,397,414	\$ 14,541,228

NOTE D - UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give consist of the following at June 30:

	2015	2014
Promises to give expected to be collected in		
Less than one year	\$ 1,573,163	\$ 764,827
One to five years	2,011,477	1,422,824
	3,584,640	2,187,651
Less: Discounts to net present value	(30,674)	(30,674)
Less: Allowance for uncollectible promises to give	(15,000)	(15,000)
Net unconditional promises to give	\$ 3,538,966	\$ 2,141,977

Unconditional promises to give with due dates extending beyond one year are discounted at a rate of 1.04%, which approximates the average of the three and five year daily treasury rates at June 30, 2015 and 2014.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS

Accounting guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Following is a description of the valuation methodologies used for assets at fair value.

Money market funds

Valued using net asset value (NAV) per share as provided by the investment fund.

Equity securities and mutual funds

Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds held by the University are required to publish their daily net asset value (NAV) and to transact at that price.

U.S. Government and agency securities, corporate bonds and municipal bonds

Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Greater Salina Community Foundation Fund

The University's investment in the Greater Salina Community Foundation Fund (the "Fund") is valued by the Greater Salina Community Foundation based on estimates of the net asset value (NAV) of the underlying investments of the Fund as provided by fund managers and based on other market-based data. Because the University owns an undivided interest in the Fund, its unit of account for fair value measurement purposes is the Fund. The University cannot look through the Fund to its underlying assets for the classification level in the fair value hierarchy. Rather, it must consider if relevant observable inputs exist for an undivided interest in the Fund. The Fund is classified as Level 3 in the fair value hierarchy because no observable inputs exist for an undivided interest in the Fund. However, at June 30, 2015 and June 30, 2014, all of the underlying assets of the Fund are mutual funds with fair values measured based on quoted market prices for identical assets in active markets.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Beneficial interests in perpetual trusts

The University has beneficial interests in perpetual trusts administered by third parties. The income earned from these trusts is available for institutional purposes as determined by donor restrictions. Beneficial interests are recognized in the combined financial statements as the University's proportionate share of the estimated fair value of the beneficial interest. The University uses quoted market prices, interest rates, yield curves and unobservable inputs including the present value calculation of expected future distributions to estimate the fair value of the beneficial interests in perpetual trusts.

Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimate could differ from actual results.

The following tables present assets that are measured at fair value on a recurring basis in the combined statement of financial position and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

	2015			
	Fair value	Level 1	Level 2	Level 3
Investments				
Money market funds	\$ 2,551,158	\$ -	\$ 2,551,158	\$ -
Equity securities	2,358,336	2,358,336	-	-
Equity mutual funds	10,814,784	10,814,784	-	-
Fixed income mutual funds	1,325,514	1,325,514	-	-
Other mutual funds	92,275	92,275	-	-
U.S. Government and agency securities	449,758	-	449,758	-
Corporate bonds	1,921,419	-	1,921,419	-
Municipal bonds	1,089,610	-	1,089,610	-
Greater Salina Community Foundation Fund	37,367	-	-	37,367
Beneficial interests in perpetual trusts	14,397,414	-	-	14,397,414
	2014			
	Fair value	Level 1	Level 2	Level 3
Cash equivalents				
Money market funds	\$ 40,038	\$ -	\$ 40,038	\$ -
Investments				
Money market funds	530,127	-	530,127	-
Equity securities	2,805,127	2,805,127	-	-
Equity mutual funds	12,716,825	12,716,825	-	-
Fixed income mutual funds	1,176,839	1,176,839	-	-
Other mutual funds	374,200	374,200	-	-
U.S. Government and agency securities	322,677	-	322,677	-
Corporate bonds	2,457,803	-	2,457,803	-
Municipal bonds	743,178	-	743,178	-
Greater Salina Community Foundation Fund	37,767	-	-	37,767
Beneficial interests in perpetual trusts	14,541,228	-	-	14,541,228

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The change in fair value of the University's Level 3 assets is as follows:

	Greater Salina Community Foundation Fund	Beneficial interests in perpetual trusts
Balance on July 1, 2013	\$ 33,397	\$ 13,434,958
Realized and unrealized gains, net	5,795	1,482,502
Distributions and withdrawals	(1,425)	(376,232)
Balance on June 30, 2014	37,767	14,541,228
Realized and unrealized gains, net	344	210,114
Distributions and withdrawals	(744)	(353,928)
Balance on June 30, 2015	\$ 37,367	\$ 14,397,414

Investments as of June 30, 2015 valued using net asset value per share, have the following liquidity restrictions:

	Fair value	Redemption frequency	Redemption notice period
Money market fund (a)	\$ 297,958	daily	none
Money market fund (b)	180,000	daily	none
Money market fund (c)	2,004,075	daily	none
Money market fund (d)	69,125	daily	none

- (a) This fund seeks to maintain liquidity and as high a level of current income as is consistent with the preservation of capital. The fund invests in short-term U.S. government securities which includes treasury securities and repurchase agreements collateralized by the U.S. Treasury.
- (b) This fund seeks to maintain liquidity and as high a level of current income as is consistent with the preservation of capital. The fund invests in U.S. government securities which includes treasury securities and repurchase agreements collateralized by the U.S. Treasury.
- (c) This fund seeks to maintain liquidity and as high a level of current income as is consistent with the preservation of capital. The fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. government, rated in the highest short-term category or of comparable quality.
- (d) This fund seeks to preserve principal and maintain liquidity while providing current income. The fund is comprised of short-term debt obligations of highly rated U.S. issuers, including commercial paper and other short-term corporate obligations.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE F - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consists of the following as of June 30:

	2015	2014
Land	\$ 98,014	\$ 98,014
Land improvements	57,130	57,130
Buildings	34,893,609	34,437,715
Equipment	1,915,801	1,741,986
Vehicles	131,545	131,545
Total property in service	37,096,099	36,466,390
Accumulated depreciation	(14,551,065)	(13,694,753)
Construction in progress	5,898,344	1,144,747
	\$ 28,443,378	\$ 23,916,384

Depreciation expense was \$856,311 and \$846,413 for the years ended June 30, 2015 and 2014, respectively.

NOTE G - BONDS PAYABLE

In December 2012, the Saline County, Kansas Education Facilities Revenue Bonds, Series 2012 were issued in the amount of \$5,270,000 for the sole purpose of refunding the Kansas Independent College Finance Authority Education Facilities Revenue Bonds, Series 2007. Bonds payable are \$3,960,000 and \$4,500,000 at June 30, 2015 and 2014, respectively. The bonds require the University to make monthly payments to the trustee sufficient to service the principal maturities and interest requirements through May 1, 2022. The bond agreement contains various restrictive covenants which include requirements for the maintenance of specified financial ratios. In management's opinion the University has complied with the covenants. The bonds are collateralized by property, plant and equipment of the University. Interest is charged at a rate of 2.3% until December 19, 2017. Thereafter and until maturity, interest will be charged at a rate equal to the sum of the five-year treasury rate plus 300 basis points, which then shall be multiplied by the prevailing tax equivalent yield rate.

Scheduled principal payments on the bonds payable at June 30, 2015 are as follows:

Year ending June 30,	
2016	\$ 540,000
2017	540,000
2018	540,000
2019	590,000
2020	600,000
Thereafter	1,150,000
	\$ 3,960,000

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE H - GUARANTY

The University has a membership interest in Associated Colleges of Central Kansas (ACCK). ACCK provides the University and other Kansas universities with the use of software and related program support. On June 24, 2013, ACCK borrowed funds from a bank in the amount of \$1,006,408, which is to be paid in quarterly installments with final payment due on June 30, 2016. The University has guaranteed a portion of the indebtedness and would be obligated to perform under the guarantee if ACCK failed to pay principal and interest payments to the lender when due. The University's share of the maximum potential amount of future (undiscounted) payments under the guarantee is \$60,090 and \$136,259 at June 30, 2015 and 2014, respectively, plus interest and the University's proportionate share of the lender's costs, expenses, and attorney fees incurred.

NOTE I - RETIREMENT PLAN

The University has a defined contribution pension plan covering substantially all full-time employees. Pension expense, which is funded currently, aggregated \$514,814 and \$477,417 for the years ended June 30, 2015 and 2014, respectively.

NOTE J - ENDOWMENT FUND

The Foundation was established to receive, invest and disburse amounts for the benefit of Kansas Wesleyan University. The Foundation is a nonprofit corporation with a separate governing board. The Foundation's financial statements are combined with the financial statements of Kansas Wesleyan University (See Note A1).

The endowment consists of permanently restricted funds and related earnings held by the Foundation along with the beneficial interests in perpetual trusts. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The investment policy consists of investing in a diversified asset or assets in an attempt to maximize total return consistent with an acceptable level of risk. The endowment management strategy is that present and future generations of students will enjoy equivalent levels of purchasing power through a balanced endowment management approach which (a) generates income to provide for current needs and (b) maintains a base for generating income to meet future needs. Up to 5.0% (or higher if donor restrictions specify a distribution percentage) of the total fair value of investable assets as of July 1 each year is budgeted for use in the current fiscal year according to restrictions of donors. The Boards of Trustees determines an appropriate amount of expenditures each year based on the net asset value of the endowment fund. During 2015, the Board of Trustees appropriated \$905,710 for operations and capital projects above the 5% budgeted amount.

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

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE J - ENDOWMENT FUND - Continued

In accordance with SPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

Changes in endowment net assets

Changes in endowment net assets for the years ended June 30 are as follows:

	2015		
	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2014	\$ 4,457,548	\$ 26,412,381	\$ 30,869,929
Gifts and bequests	-	1,244,235	1,244,235
Interest and dividends	376,580	-	376,580
Realized and unrealized gains (losses), net	337,627	(143,814)	193,813
Appropriation for expenditure	(1,987,493)	-	(1,987,493)
Released from restrictions and transferred	-	(439,358)	(439,358)
Endowment net assets, June 30, 2015	\$ 3,184,262	\$ 27,073,444	\$ 30,257,706
	2014		
	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2013	\$ 2,356,041	\$ 25,102,760	\$ 27,458,801
Gifts and bequests	-	203,351	203,351
Interest and dividends	362,340	-	362,340
Realized and unrealized gains, net	2,754,699	1,106,270	3,860,969
Appropriation for expenditure	(1,015,532)	-	(1,015,532)
Endowment net assets, June 30, 2014	\$ 4,457,548	\$ 26,412,381	\$ 30,869,929

During 2015, the University received approval from the original donor to remove the restrictions on a permanently restricted contribution of \$439,358 to use for educational purposes of the University.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations and expenditures in excess of revenues. There were no deficiencies at June 30, 2015 and 2014.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE K - OPERATING LEASES

The University has entered into leases for certain office equipment and vehicles. All of these agreements are classified as operating leases and have terms expiring over the next five years. Rent expense on these leases totaled \$58,669 and \$72,125 for the years ended June 30, 2015 and 2014, respectively.

The future minimum lease payments required under these operating leases with original terms in excess of one year are presented below:

Year ending June 30,	
2016	\$ 64,154
2017	19,098
Total	<u>\$ 83,252</u>

NOTE L - ADVANCEMENT EXPENSES

The University incurred development and fund-raising expenses amounting to \$493,228 and \$578,685 for the years ended June 30, 2015 and 2014, respectively. Such amounts are included in institutional support expenses in the accompanying combined statement of activities.

NOTE M - CONCENTRATIONS OF CREDIT RISK

The Foundation has invested in mutual funds, securities issued by the U.S. Treasury and other federal agencies, corporate bonds, municipal bonds, and corporate stocks. These investments are held and managed by five institutions. The Foundation Board of Trustees has established a policy whereby no more than 5% of the equity and debt portfolios should be invested in any one company.

The University has demand deposit accounts at various financial institutions. The balances with certain institutions were in excess of the Federal insurance limitations as of June 30, 2015 and 2014.

NOTE N - ASSETS TRANSFERRED TO A RECIPIENT ORGANIZATION

The Foundation and the Retired Senior Volunteer Program (RSVP) each transferred \$10,000 to the Greater Salina Community Foundation for the establishment of named funds. The Greater Salina Community Foundation may make annual distributions to the Foundation and RSVP of an amount up to but not to exceed 5% of the respective fund's net fair market value. At June 30, 2015 and 2014, the fair value of these assets was \$37,367 and \$37,767, respectively, and is included in investments in the accompanying combined statements of financial position.

NOTE O - NOTES RECEIVABLE, NET

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government resources. At June 30, 2015 and 2014, student loans represented 1.3% of total assets and are recognized as notes receivable in the combined statements of financial position.

Kansas Wesleyan University and Foundation

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE O - NOTES RECEIVABLE, NET - Continued

Notes receivable consist of the following at June 30:

	2015	2014
Federal government loan programs	\$ 1,094,804	\$ 1,050,841
Allowance for uncollectible accounts	(170,000)	(170,000)
	\$ 924,804	\$ 880,841

The University participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$821,787 and \$866,177 at June 30, 2015 and 2014, respectively, are ultimately refundable to the government and are classified as liabilities in the combined statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The following amounts were past due under the student loan programs:

	1-60 days past due	60-90 days past due	90+ days past due	Total past due
June 30, 2015	\$ 416	\$ 126	\$ 300,888	\$ 301,430
June 30, 2014	339	333	286,567	287,239

An allowance for uncollectible accounts is established, if necessary, based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off only when they are deemed to be permanently uncollectible.

SUPPLEMENTARY INFORMATION

Kansas Wesleyan University and Foundation

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year ended June 30,			
	2015		2014	
	Amount	Amount as a percentage of operations funding	Amount	Amount as a percentage of operations funding
Revenues and gains				
Educational and general				
Tuition and fees				
Full time				
Fall	\$ 7,480,987	47.2 %	\$ 7,406,052	48.8 %
Spring	7,239,120	45.7	6,776,175	44.6
Part time				
Fall	177,294	1.1	112,119	0.7
Spring	171,189	1.1	148,052	1.0
Summer	139,539	0.9	162,455	1.1
	<u>15,208,129</u>	<u>96.0</u>	<u>14,604,853</u>	<u>96.2</u>
Graduate	470,396	3.0	439,637	2.9
Fees	242,654	1.5	184,548	1.2
Gross tuition and fees	<u>15,921,179</u>	<u>100.5</u>	<u>15,229,038</u>	<u>100.3</u>
Less: Scholarships and other aid				
Scholarships	(4,864,186)	(30.7)	(4,143,456)	(27.3)
Awards	(1,321,490)	(8.3)	(1,445,883)	(9.5)
Discounts	(1,145,829)	(7.2)	(653,707)	(4.3)
Total scholarships and other aid	<u>(7,331,505)</u>	<u>(46.3)</u>	<u>(6,243,046)</u>	<u>(41.1)</u>
Net tuition and fees	<u>8,589,674</u>	<u>54.2</u>	<u>8,985,992</u>	<u>59.2</u>
Gift revenues				
Scholarship gifts	55,994	0.4	74,958	0.5
Unrestricted gifts	474,991	3.0	1,036,920	6.8
Total gift revenues	<u>530,985</u>	<u>3.4</u>	<u>1,111,878</u>	<u>7.3</u>
Grant revenues				
Student assistance - Federal Work-Study				
Program	79,653	0.5	79,652	0.5
Miscellaneous	64,005	0.4	64,026	0.4
Total grant revenues	<u>143,658</u>	<u>0.9</u>	<u>143,678</u>	<u>0.9</u>
Other revenues				
Realized and unrealized gains (losses), net	81,964	0.5	41,867	0.3
Interest and dividends	30,285	0.2	85,245	0.6
Miscellaneous	84,663	0.5	59,564	0.4
Total other revenues	<u>196,912</u>	<u>1.2</u>	<u>186,676</u>	<u>1.2</u>
Total educational and general	<u>9,461,229</u>	<u>59.7</u>	<u>10,428,224</u>	<u>68.7</u>

Kansas Wesleyan University and Foundation

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS - CONTINUED

	Year ended June 30,			
	2015		2014	
	Amount	Amount as a percentage of operations funding	Amount	Amount as a percentage of operations funding
Auxiliary enterprises				
Housing system				
Apartments	\$ 186,360	1.2 %	\$ 210,113	1.4 %
Resident halls	1,238,981	7.8	1,132,658	7.5
Other facilities	92,760	0.6	82,428	0.5
Shriwise dining hall	2,126,491	13.4	1,979,487	13.0
Total housing system	<u>3,644,592</u>	<u>23.0</u>	<u>3,404,686</u>	<u>22.4</u>
Other auxiliary enterprises				
Bookstore	227,729	1.4	244,013	1.6
Ticket sales	23,415	0.1	20,551	0.1
Vending operations	6,931	0.0	6,901	0.0
Other sales	3,318	0.0	8,109	0.1
Total other auxiliary enterprises	<u>261,393</u>	<u>1.7</u>	<u>279,574</u>	<u>1.8</u>
Total auxiliary enterprises	<u>3,905,985</u>	<u>24.7</u>	<u>3,684,260</u>	<u>24.3</u>
Total revenues and gains	<u>13,367,214</u>	<u>84.4</u>	<u>14,112,484</u>	<u>93.0</u>
Reclassifications and transfers				
Net assets released from restrictions excluding capital expenditure releases				
Endowment scholarship and restricted distributions	2,426,851	15.3	1,015,532	6.7
Special projects	40,692	0.3	51,176	0.3
Total net assets released from restrictions excluding capital expenditure releases	<u>2,467,543</u>	<u>15.6</u>	<u>1,066,708</u>	<u>7.0</u>
Total revenues, gains, reclassifications and selected transfers from other unrestricted funds	<u>15,834,757</u>	<u>100.0</u>	<u>15,179,192</u>	<u>100.0</u>

Kansas Wesleyan University and Foundation

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS - CONTINUED

	Year ended June 30,			
	2015		2014	
	Amount	Amount as a percentage of operations funding	Amount	Amount as a percentage of operations funding
Expenses				
Educational and general				
Instructional				
Art	\$ 138,060	0.9 %	\$ 98,465	0.6 %
English	139,142	0.9	140,202	0.9
Language	5,039	0.0	6,028	0.0
Music				
Instrumental	150,871	1.0	84,215	0.6
Vocal	154,117	1.0	182,819	1.2
Speech and theatre	143,520	0.9	175,479	1.2
Communications	125,842	0.8	133,408	0.9
Religion and philosophy	98,951	0.6	98,035	0.6
Accounting	77,912	0.5	59,685	0.4
Education	230,569	1.5	228,877	1.5
Health, physical education and recreation	157,661	1.0	197,929	1.3
Biology	131,497	0.8	154,835	1.0
Chemistry	139,088	0.9	124,649	0.8
Mathematics	76,341	0.5	73,701	0.5
Computer science	225,498	1.4	212,686	1.4
Physics	59,213	0.4	62,024	0.4
Sociology and criminal justice	220,405	1.4	189,757	1.3
Psychology and addictions	158,530	1.0	137,987	0.9
History	130,037	0.8	135,191	0.9
Business administration	269,684	1.7	316,520	2.1
Nursing	684,316	4.3	611,384	4.0
	3,516,293	22.2	3,423,876	22.6
Academic support				
Academic Dean's office	247,418	1.6	338,648	2.2
Library	259,299	1.6	223,347	1.5
Student success center	62,800	0.4	70,074	0.5
Total academic support	569,517	3.6	632,069	4.2
Student services				
Admissions	545,564	3.4	616,083	4.1
Enrollment services	403,561	2.5	403,566	2.7
Student life	624,122	3.9	534,606	3.5
Total student services	1,573,247	9.9	1,554,255	10.2

Kansas Wesleyan University and Foundation

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS - CONTINUED

	Year ended June 30,			
	2015		2014	
	Amount	Amount as a percentage of operations funding	Amount	Amount as a percentage of operations funding
Expenses (Continued)				
Educational and general (Continued)				
Athletics				
Athletic director	\$ 321,438	2.0 %	\$ 284,594	1.9 %
Athletic training	162,621	1.0	162,008	1.1
Athletics - men	887,362	5.6	793,818	5.2
Athletics - women	656,116	4.1	566,964	3.7
Total athletics	<u>2,027,537</u>	<u>12.8</u>	<u>1,807,384</u>	<u>11.9</u>
Institutional support				
President's office	423,889	2.7	481,590	3.2
Advancement and alumni office	493,228	3.1	578,685	3.8
Publicity office	413,003	2.6	355,543	2.3
Business office	290,466	1.8	235,631	1.6
Post office	26,355	0.2	41,924	0.3
Information systems	742,664	4.7	545,504	3.6
Insurance	334,063	2.1	349,118	2.3
Tuition remission	224,637	1.4	191,023	1.3
ACCK administration	-	-	102,793	0.7
General	225,997	1.4	270,909	1.8
Total institutional support	<u>3,174,302</u>	<u>20.0</u>	<u>3,152,720</u>	<u>20.8</u>
Operation and maintenance of plant				
Maintenance department	277,862	1.8	308,001	2.0
Depreciation	300,363	1.9	307,502	2.0
Utilities	291,573	1.8	285,987	1.9
Total operation and maintenance of plant	<u>869,798</u>	<u>5.5</u>	<u>901,490</u>	<u>5.9</u>
Other expenses				
Annuity interest	15,800	0.1	15,650	0.1
Bond interest	96,859	0.6	109,135	0.7
Total other expenses	<u>112,659</u>	<u>0.7</u>	<u>124,785</u>	<u>0.8</u>
Total educational and general	<u>11,843,353</u>	<u>74.8</u>	<u>11,596,579</u>	<u>76.4</u>
Auxiliary enterprises				
Housing system				
Apartments	323,522	2.0	314,112	2.1
Dormitories and related facilities	1,122,053	7.1	1,146,262	7.6
Shriwise dining hall	986,481	6.2	958,498	6.3
Bookstore	288,029	1.8	266,820	1.8
Depreciation	568,845	3.6	551,805	3.6
Total auxiliary enterprises	<u>3,288,930</u>	<u>20.8</u>	<u>3,237,497</u>	<u>21.3</u>
Total expenses	<u>15,132,283</u>	<u>95.6</u>	<u>14,834,076</u>	<u>97.7</u>

Kansas Wesleyan University and Foundation

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS - CONTINUED

	Year ended June 30,			
	2015		2014	
	Amount	Amount as a percentage of operations funding	Amount	Amount as a percentage of operations funding
Total change in unrestricted net assets available for operations excluding capital projects	\$ 702,474	4.4 %	\$ 345,116	2.3 %
Capital project transactions				
Transfers				
Property, plant and equipment	92,007	0.6	(227,831)	(1.5)
Change in bonds outstanding	(540,000)	(3.4)	(520,000)	(3.4)
Bond issuance costs	12,894	0.1	12,894	0.1
Net capital project transactions	(435,099)	(2.7)	(734,937)	(4.8)
Total change in unrestricted net assets available for operations including capital projects	267,375	1.7 %	(389,821)	(2.6) %
Unrestricted net assets available for operations, beginning of year	3,897,369		4,287,190	
Unrestricted net assets available for operations, end of year	\$ 4,164,744		\$ 3,897,369	

Kansas Wesleyan University and Foundation

SCHEDULE OF AGENCY FUNDS

Fund	Balance July 1, 2014	Receipts	Disbursements	Balance June 30, 2015
Accounting Club	\$ 460	\$ -	\$ -	\$ 460
Addictions Grant #2	18,034	-	-	18,034
Addictions Seminar	8,870	-	46	8,824
Alpha Chi	3,823	2,666	5,425	1,064
Alumni Association	15,421	10,223	18,825	6,819
Ambassadors	889	-	-	889
Art Club	(43)	450	164	243
Art Department	3,305	542	745	3,102
Astronomy Club	519	-	-	519
Athletic Hall of Fame	2,164	-	1,198	966
Athletic Training Club	855	1,270	1,277	848
Athletic Training Department	2,880	180	378	2,682
Band	2,426	1,495	3,506	415
Best of KWU	4,348	500	924	3,924
Beta Beta Beta	797	-	-	797
Biology Club	199	560	555	204
Booster Club - Athletic	8,412	251,528	210,104	49,836
Business Club	1,802	-	-	1,802
Center for Church Leadership	1	-	-	1
Center for Teaching Excellence	11,920	860	788	11,992
Chi Alpha	(310)	-	-	(310)
College Music Educators	152	-	-	152
College Society for Gamers	91	-	-	91
Computer Club	(828)	20	-	(808)
Corpus Juris Club	590	-	-	590
CMENC	1,379	-	-	1,379
Crusade for Christ	27	-	-	27
Drama Club	424	390	187	627
Dudley Emergency	2,645	6,500	4,000	5,145
FCA	20	950	139	831
Flower Fund	(241)	-	466	(707)
Geology Club	5,577	-	-	5,577
Golf Tour - Coyotes	1,635	-	-	1,635
HPER Club	4,101	1,585	-	5,686
HPER Equipment Fund	12,160	-	-	12,160
International Club	531	-	16	515
KLEAN	3,237	-	3,237	-
KWU Academic Dean	2,814	-	-	2,814
KWU Chemistry Club	26	383	226	183
KWU Choir - International Trip	(2,345)	500	282	(2,127)
KWU Choir	3,719	11,637	10,931	4,425
KWU Ham Radio Club	986	240	1,090	136
KWU Psychology Club	(2,928)	1,690	27	(1,265)
KWU Symphony Opera	1,763	-	-	1,763

Kansas Wesleyan University and Foundation

SCHEDULE OF AGENCY FUNDS - CONTINUED

Fund	Balance July 1, 2014	Receipts	Disbursements	Balance June 30, 2015
Language	\$ 2,403	\$ -	\$ -	\$ 2,403
Math Department	849	-	-	849
Medical Health Association	1,022	-	-	1,022
Media Club	-	1,000	683	317
Microburst Club	(2)	-	-	(2)
Miscellaneous	1,667	834	-	2,501
Music Booster Club	1,144	-	-	1,144
Music Internship	4,787	-	-	4,787
Newman Club	77	-	-	77
Nursing Program Fund	1,073	1,447	160	2,360
Outdoor Adventure Club	479	-	-	479
Phi Alpha Theta	660	1,590	1,332	918
Pi Kappa Delta	7,773	24,543	27,987	4,329
Poker Club	294	-	-	294
Republican Students	251	-	-	251
Richards Lecture Series	14,941	-	-	14,941
Senior Class Gifts	803	1,680	538	1,945
SNEA	214	220	45	389
Society of Physics	1,254	-	-	1,254
Solid Waste Venture Grant	761	937	274	1,424
State Music Festival	3,893	12,871	13,942	2,822
Staff Flower Fund	20	-	-	20
Strings Program	(592)	-	-	(592)
Student Nursing Organization	1,209	1,601	1,720	1,090
Student Technology Association	2,411	-	-	2,411
Theophils Club	10	-	-	10
U.S. Treasury Fund	1,880	7,142,872	7,142,872	1,880
UMHMF Nurse	204	-	-	204
VITA Grant	11,848	3,862	16,437	(727)
Volunteer Connection Grant	2,138	5,647	18,766	(10,981)
Women's Auxiliary	4,987	1,288	822	5,453
Woodworth Fellowship	24,768	18,011	19,965	22,814
Totals	<u>\$ 215,533</u>	<u>\$ 7,512,572</u>	<u>\$ 7,510,079</u>	<u>\$ 218,026</u>

Kansas Wesleyan University and Foundation

SCHEDULE OF RETIRED SENIOR VOLUNTEER PROGRAM REVENUES AND EXPENSES

Year ended June 30,

	2015	2014
Revenues		
Dividends	773	2,951
Capital gains (losses)	(6,609)	10,076
United Way grant	36,583	36,583
ACTION grant	30,505	41,982
Other grants	14,779	5,945
Miscellaneous	33,413	7,328
Total revenues	109,444	104,865
Expenses		
Salaries	77,534	75,525
Benefits	21,990	22,347
Supplies	3,459	1,329
Postage	208	410
Telephone	2,280	2,028
Dues	305	220
Printing	500	476
Travel and vehicle	4,231	4,052
Meals and lodging	241	11
Education	50	100
Rent	8,767	8,767
Contract services	601	100
Computer service	1,265	3,736
Special events	1,108	1,142
Insurance	1,131	2,267
Miscellaneous	130	57
Total expenses	123,800	122,567
Deficit of revenues over expenses	(14,356)	(17,702)
Beginning net assets	32,378	50,080
Ending net assets	\$ 18,022	\$ 32,378

Kansas Wesleyan University and Foundation

SCHEDULE OF KANSAS WESLEYAN UNIVERSITY FOUNDATION ASSETS AND DISTRIBUTIONS

As of and for the year ended June 30,

	2015	2014
Assets managed under agency agreements		
Greater Salina Community Foundation	\$ 17,548	\$ 17,759
Waddell & Reed	75,989	73,169
Advantage Trust Company	3,982,981	4,157,724
UMB Bank, N.A.	6,136,230	5,893,840
Bank of America, N.A.	-	4,407,617
Sunflower Bank, N.A.	5,359,779	5,177,146
Total assets managed under agency agreements	15,572,527	19,727,255
Less: Amounts due Kansas Wesleyan University	(50)	(1,649,827)
Net assets managed under agency agreements	15,572,477	18,077,428
 Assets held under beneficial interest in perpetual trusts	 273,503	 14,541,228
Unconditional promises to give	287,815	-
Total net assets	\$ 16,133,795	\$ 32,618,656
 Endowment appropriations from the Foundation to the University		
Operations	\$ 260,649	\$ 308,144
Scholarships	471,317	451,343
Specific purposes or projects	23,008	134,863
Total appropriations	\$ 754,974	\$ 894,350
 Transfers from the Foundation to the University		
Unrestricted funds and investment earnings	\$ 3,093,796	\$ -
Permanently restricted net assets - Beneficial interest in perpetual trusts	14,268,211	-
Payment for services	60,000	-
	\$ 17,422,007	\$ -



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