

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Financial Statements

Years Ended June 30, 2010 and 2009
with Independent Auditors' Report

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

CONTENTS

Page

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION.....	1
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FINANCIAL STATEMENTS

Exhibit A	STATEMENTS OF FINANCIAL POSITION.....	2
Exhibit B	STATEMENTS OF ACTIVITIES.....	3
Exhibit C	STATEMENTS OF CASH FLOWS.....	4
NOTES TO FINANCIAL STATEMENTS		5

SUPPLEMENTAL INFORMATION

Schedule 1	Schedule of Changes in Unrestricted Net Assets Available for Operations	16
Schedule 2	Schedule of Agency Funds.....	21
Schedule 3	Schedule of Retired Senior Volunteer Program Revenues and Expenses.....	23
Schedule 4	Schedule of Kansas Wesleyan Foundation Assets and Distributions	24



INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

To the Board of Trustees
Kansas Wesleyan University:

We have audited the accompanying statements of financial position of Kansas Wesleyan University, Salina, Kansas (a not-for-profit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Wesleyan University as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements of Kansas Wesleyan University referred to in the first paragraph taken as a whole. The supplemental information contained in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information has been subjected to the audit procedures applied in the audits of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Kennedy and Coe, LLC

Salina, Kansas
October 11, 2010

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Exhibit A

STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2010	2009
ASSETS			
Cash and cash equivalents	\$	1,310,481	\$ 1,941,221
Short-term investments, at market value (Note 2)		1,955,266	138,970
Accounts receivable, less allowance for uncollectible accounts - 2010 - \$20,000; 2009 - \$20,000		52,352	59,035
Unconditional promises to give, less allowance for uncollectible pledges - 2010 - \$15,000; 2009 - \$15,000 (Note 3)		280,171	510,563
Notes receivable, less allowance for uncollectible notes - 2010 - \$175,000; 2009 - \$175,000		1,030,794	1,120,939
Bond issuance cost, less accumulated amortization - 2010 - \$17,742; 2009 - \$11,995 (Note 6)		68,620	74,367
Long-term investments, at market value (Note 2)		12,006,107	10,766,261
Beneficial interests in perpetual and charitable remainder trusts (Note 4)		6,835,753	6,602,594
Property, plant and equipment, less accumulated depreciation - 2010 - \$10,482,547; 2009 - \$9,673,539 (Note 5)		23,398,456	24,159,832
Restricted cash for property and equipment acquisitions (Note 6)		-	834
Other assets		232,221	426,365
		\$ 47,170,221	\$ 45,800,981
LIABILITIES			
Accounts payable and accrued expenses	\$	1,210,843	\$ 1,221,290
Deposits, advance enrollments and deferred income		369,653	296,690
Deposits held in custody for others		146,405	120,365
Federal loan programs refundable		1,006,893	1,009,773
Bonds payable (Note 6)		5,167,769	5,530,356
Liability for future annuity payments		103,549	120,556
		8,005,112	8,299,030
NET ASSETS			
Unrestricted			
Available for operations		3,339,516	2,688,522
Endowed funds		-	(241,766)
Investment in property, plant and equipment		18,178,082	18,566,870
Student loan funds		144,298	143,858
Total Unrestricted Net Assets		21,661,896	21,157,484
Temporarily Restricted			
Available for operations		11,560	17,030
Endowed funds		595,877	-
Special projects and purposes		164,002	144,117
Total Temporarily Restricted Net Assets		771,439	161,147
Permanently Restricted			
Endowed funds		16,725,813	16,177,714
Special projects and purposes		5,961	5,606
Total Permanently Restricted Net Assets		16,731,774	16,183,320
Total Net Assets		39,165,109	37,501,951
Totals	\$	47,170,221	\$ 45,800,981

The accompanying notes are an integral part of these financial statements.

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Reclassifications				
Educational and General				
Gross tuition and fees	\$ 13,752,193	\$ -	\$ -	\$ 13,752,193
Less: Scholarships and other aid	(5,226,444)	-	-	(5,226,444)
Net tuition and fees	8,525,749	-	-	8,525,749
Gifts and bequests	336,146	31,022	188,451	555,619
Grant and student assistance income	192,931	-	-	192,931
Investment gains (losses), net	335,001	796,552	355	1,131,908
Change in value of split-interest agreements	17,008	-	359,648	376,656
Investment income	41,868	226,192	-	268,060
Investment income from split-interest agreements	-	299,261	-	299,261
Interest on loans receivable	30,745	-	-	30,745
Other sources	60,569	-	-	60,569
Total Educational and General	9,540,017	1,353,027	548,454	11,441,498
Auxiliary enterprises	3,127,732	-	-	3,127,732
Independent operations	126,650	(3,742)	-	122,908
Total Revenues and Gains	12,794,399	1,349,285	548,454	14,692,138
Net assets released from restrictions	738,993	(738,993)	-	-
Total Revenues, Gains and Reclassifications	13,533,392	610,292	548,454	14,692,138
Expenses				
Educational and General				
Instruction	3,336,856	-	-	3,336,856
Academic support	414,424	-	-	414,424
Student services	1,381,195	-	-	1,381,195
Athletics	1,431,326	-	-	1,431,326
Institutional support	2,271,988	-	-	2,271,988
Plant maintenance	1,026,151	-	-	1,026,151
Other expenses	422,224	-	-	422,224
Total Educational and General	10,284,164	-	-	10,284,164
Auxiliary enterprises	1,809,249	-	-	1,809,249
Independent operations	126,650	-	-	126,650
Total Expenses	12,220,063	-	-	12,220,063
Excess (Deficit) of Revenues over Expenses	1,313,329	610,292	548,454	2,472,075
Adjustment to Federal Share of Revenue over Expense of Federal Loan Programs	-	-	-	-
Total Change in Net Assets Before Depreciation	1,313,329	610,292	548,454	2,472,075
Depreciation Expense	808,917	-	-	808,917
Total Change in Net Assets	504,412	610,292	548,454	1,663,158
Net Assets, Beginning of Year	21,157,484	161,147	16,183,320	37,501,951
Net Assets, End of Year	<u>\$ 21,661,896</u>	<u>\$ 771,439</u>	<u>\$ 16,731,774</u>	<u>\$ 39,165,109</u>

The accompanying notes are an integral part of these financial statements.

Year Ended June 30, 2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 13,454,280	\$ -	\$ -	\$ 13,454,280
(5,250,580)	-	-	(5,250,580)
8,203,700	-	-	8,203,700
265,821	150,170	185,293	601,284
192,360	3,000	-	195,360
(150,956)	(3,029,567)	49	(3,180,474)
(1,404)	-	(909,795)	(911,199)
58,146	310,724	-	368,870
12,957	274,662	-	287,619
21,822	-	-	21,822
69,628	-	-	69,628
8,672,074	(2,291,011)	(724,453)	5,656,610
3,142,651	-	-	3,142,651
125,547	(27,032)	-	98,515
11,940,272	(2,318,043)	(724,453)	8,897,776
906,452	(906,452)	-	-
12,846,724	(3,224,495)	(724,453)	8,897,776
3,228,456	-	-	3,228,456
435,105	-	-	435,105
1,325,503	-	-	1,325,503
1,332,451	-	-	1,332,451
2,300,502	-	-	2,300,502
977,197	-	-	977,197
432,602	-	-	432,602
10,031,816	-	-	10,031,816
1,824,716	-	-	1,824,716
125,547	-	-	125,547
11,982,079	-	-	11,982,079
864,645	(3,224,495)	(724,453)	(3,084,303)
(3,455)	-	-	(3,455)
861,190	(3,224,495)	(724,453)	(3,087,758)
799,106	-	-	799,106
62,084	(3,224,495)	(724,453)	(3,886,864)
21,095,400	3,385,642	16,907,773	41,388,815
<u>\$ 21,157,484</u>	<u>\$ 161,147</u>	<u>\$ 16,183,320</u>	<u>\$ 37,501,951</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Exhibit C

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2010	2009
Cash Flows from Operating Activities		
Change in net assets (Exhibit B)	<u>\$ 1,663,158</u>	<u>\$ (3,886,864)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation of property, plant and equipment	808,917	799,106
Adjustment to federal share of net revenue of federal loan programs	228	3,455
Net (gains) losses on investments	(1,131,908)	3,180,474
Net loss on sale of other assets	10,915	-
Contributions restricted for long-term investment	(188,452)	(185,293)
Net actuarial losses on gift annuities	-	1,403
Net (gains) losses from beneficial interests in perpetual and charitable remainder trusts	(359,648)	909,795
Amortization of bond issuance cost and discount	13,141	13,152
(Increase) decrease in accounts receivable	6,683	24,190
Decrease in unconditional promises to give	230,392	544,366
(Increase) in other assets	(137,288)	(329,216)
(Decrease) in accounts payable and accrued expenses	(447)	(96,668)
Increase (decrease) in deposits, advance enrollments and deferred income	72,963	(32,731)
(Decrease) in annuities payable	(17,007)	-
Total Adjustments	<u>(691,511)</u>	<u>4,832,033</u>
Net Cash Provided by (Used in) Operating Activities	<u>971,647</u>	<u>945,169</u>
Cash Flows from Investing Activities		
Net changes in short-term investments	(1,849,495)	55,130
Proceeds from sale and maturities of long-term investments	143,655	143,968
Proceeds from sale of trust assets	126,489	-
Proceeds from sale of other assets	332,445	-
Purchase of long-term investments	(230,322)	(338,784)
Disbursements of loans to students	(83,200)	(48,150)
Repayments of loans from students	173,345	151,423
(Increase) decrease in restricted cash	834	(4)
Expenditures for property, plant and equipment	(47,541)	(2,346,670)
Net Cash Provided by (Used in) Investing Activities	<u>(1,433,790)</u>	<u>(2,383,087)</u>
Cash Flows from Financing Activities		
Contributions restricted for long-term investment	188,452	185,293
Payment on accounts payable for property and equipment	(10,000)	(737,334)
Repayment of federal loan program funds	(3,108)	(3,222)
Principal payments on debt	(370,000)	(360,000)
(Decrease) in bond proceeds held in escrow	19	10,580
Increase (decrease) in deposits held in custody for others	26,040	(13,419)
Net Cash Provided by (Used in) Financing Activities	<u>(168,597)</u>	<u>(918,102)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(630,740)	(2,356,020)
Cash and Cash Equivalents, Beginning of Year	<u>1,941,221</u>	<u>4,297,241</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,310,481</u>	<u>\$ 1,941,221</u>

The accompanying notes are an integral part of these financial statements.

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

1. Summary of Significant Accounting Policies

Kansas Wesleyan University ("the University") (a not-for-profit organization) is a liberal arts college under the auspices of the United Methodist Church. Following is a summary of its significant accounting policies:

a. Financial Statement Presentation

The University reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

b. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, activities of the funds are reported in accordance with the three net asset classifications referred to in Note 1.a above.

c. Accounts Receivable

Accounts receivable are presented at face value, net of allowance for uncollectible accounts. The allowance for uncollectible accounts is established through provisions charged against revenue and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience and current economic conditions. Accounts receivable are considered past due based upon payment terms set forth at the date of the related service provided.

d. Contributions and Other Financial Support

Contributions received and unconditional promises receivable are measured at their fair values and are reported as an increase in net assets in the year in which there is sufficient evidence in the form of verifiable documentation that a promise was made and received, and when the amount of the promise is ascertainable. The University reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

e. Notes Receivable

Notes receivable are presented at their outstanding unpaid principal balances less an allowance for uncollectible notes. The allowance for uncollectible notes is established through provisions for losses charged against revenue. The allowance for uncollectible notes is maintained at a level believed adequate by management to absorb estimated probable credit losses.

Interest income is accrued on the unpaid principal balance on a simple interest basis. The University has receivables of \$260,677 and \$161,475 at June 30, 2010 and 2009, respectively, which are past due ninety days or more and still accruing interest.

f. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Real estate investments are stated primarily at fair market value on the date of the gift. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the period in which the income and gains are recognized.

g. Split-Interest Agreements

Kansas Wesleyan University reports split-interest agreements as required by U.S. generally accepted accounting principles in the AICPA Audit and Accounting Guide for Not-For-Profit Organizations. Under this method of accounting for split-interest agreements, the assets of trusts that are irrevocable by the grantor are included in the statements of financial position. The assets are recorded at the present value of the expected future cash receipts from the trusts' assets.

In addition to perpetual and charitable remainder trusts, the University records charitable gift annuities. Annuities are accounted for using the actuarial method. Actuarial gains and losses are included as changes in unrestricted net assets. Assets are recorded at the fair market value on the date of receipt. Liabilities for future annuity payments are recorded at present value, based upon IRS life expectancy tables.

h. Acquisition of 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 market value when received.

i. Depreciation of Property, Plant and Equipment

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

j. Bond Issuance Costs

Bond issuance costs are amortized over the term of the obligation using the straight-line method.

k. Income Tax

The University is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

l. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

m. Cash Equivalents

For purposes of the statements of cash flows, the University considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents excludes accounts restricted or segregated for specific purposes.

n. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

2. Investments

Short-term investments consist of the following:

	<u>Market Value at June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Current Unrestricted Fund</u>		
Mutual funds	\$ 9,254	\$ 8,432
Certificate of deposit	200,000	93,767
U.S. Government and Agency Securities	100,061	-
Corporate Bonds	<u>1,516,193</u>	<u>-</u>
Total	1,825,508	102,199
<u>Agency Fund</u>		
Certificate of deposit	<u>129,758</u>	<u>36,771</u>
Total Short-Term Investments	<u>\$ 1,955,266</u>	<u>\$ 138,970</u>

Long-term investments consist of the following:

	<u>Market Value at June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Agency Fund</u>		
Certificate of deposit	<u>\$ -</u>	<u>\$ 86,046</u>
<u>Restricted Fund - RSVP</u>		
Mutual funds	85,377	77,473
Greater Salina Community Foundation	<u>13,030</u>	<u>11,390</u>
Total Restricted Fund - RSVP	<u>98,407</u>	<u>88,863</u>

	<u>Market Value at June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Kansas Wesleyan Foundation</u>		
Held and managed by financial institutions:		
Cash and cash equivalents	\$ 259,876	\$ 480,640
Certificate of deposit and time deposit	10,150	142,298
U.S. Government and agency securities	986,672	867,075
Corporate bonds	1,602,673	1,291,622
Corporate stocks	3,552,688	3,258,686
Mutual funds	5,336,852	4,436,369
Real estate	<u>112,016</u>	<u>73,318</u>
Total Held and Managed by Financial Institutions	<u>11,860,927</u>	<u>10,550,008</u>
Other		
Mutual funds	33,816	29,416
Greater Salina Community Foundation	<u>12,957</u>	<u>11,928</u>
Total Other	<u>46,773</u>	<u>41,344</u>
Total Long-Term Investments	<u>\$ 12,006,107</u>	<u>\$ 10,766,261</u>

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.

3. Unconditional Promises to Give

Multi-year and other pledges received are recorded in the financial statements as unconditional promises to give. Unconditional promises to give consist of the following:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Promises to Give Expected to Be Collected In:		
Less than one year	\$ 272,595	\$ 465,279
One to five years	<u>24,600</u>	<u>63,928</u>
	297,195	529,207
Less: Discounts to net present value	(2,024)	(3,644)
Less: Allowance for uncollectible promises to give	<u>(15,000)</u>	<u>(15,000)</u>
Net Unconditional Promises to Give	<u>\$ 280,171</u>	<u>\$ 510,563</u>

Unconditional promises to give with due dates extending beyond one year are discounted using the applicable federal mid-term rate. The applicable rates at June 30, 2010 and 2009 were 2.72% and 2.25%, respectively.

4. Fair Value Measurements

In September 2006, the FASB issued a new accounting standard, *Fair Value Measurements*, which is effective for fiscal years beginning after November 15, 2007. The University adopted this method on July 1, 2008. The standard defines a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. The standard is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value, but does not require any new fair value measurement. The standard requirements for certain nonfinancial assets and liabilities have been deferred until July 1, 2009 in accordance with FASB Staff Position 157-2. The adoption of the standard did not have a material impact on the University's financial position, results of operations or cash flows.

The fair value hierarchy established by the standard prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1 - Observable inputs - unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 - Observable inputs - other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data; and
- Level 3 - Unobservable inputs - includes amounts derived from valuation models where one or more significant inputs are unobservable.

In accordance with the standard, the University has classified its investments into these levels depending on the inputs used to determine their fair values. The University's fair value hierarchy for these certain assets and liabilities measured at fair value is as follows at June 30, 2010 and 2009:

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2010</u>			
Assets:			
Investments	\$ 13,335,601	\$ -	\$ -
Beneficial interest in perpetual trusts	-	-	6,673,203
Beneficial interest in charitable remainder trusts	-	-	162,550
Assets held at Greater Salina Community Foundation	-	25,988	-
Liabilities:			
Annuity liabilities	-	-	103,549
 <u>June 30, 2009</u>			
Assets:			
Investments	\$ 10,030,463	\$ -	\$ -
Beneficial interest in perpetual trusts	-	-	6,470,216
Beneficial interest in charitable remainder trusts	-	-	132,378
Assets held at Greater Salina Community Foundation	-	23,318	-
Liabilities:			
Annuity liabilities	-	-	120,556

Beneficial Interest in Perpetual Trusts

The University has a beneficial income interest 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 financial statements at the fair value of net assets held in the trusts, which approximates the present value of the future cash flows of the trusts. Changes in market value could have a significant impact on the estimate in the financial statements. The fair value totaled \$6,673,203 and \$6,470,216 as of June 30, 2010 and 2009, respectively.

Beneficial Interest in Charitable Remainder Trust

The University has a beneficial interest in a charitable remainder trust administered by third party. Upon death of the beneficiary, the remainder of the trust is permanently restricted. The University's beneficial interest is recognized in the financial statements at the estimated present value of the projected remaining assets held in the trust at the end of the life expectancy of the primary beneficiary. Estimated present value was determined using a discount rate of 3.2% and 2.8% as of June 30, 2010 and 2009, respectively. The estimated value of these beneficial interests totaled \$162,550 and \$132,378 as of June 30, 2010 and 2009, respectively.

Assets Held at Greater Salina Community Foundation

The fair value of the fund is based upon the underlying assets within the fund.

Annuity Liabilities

The University has entered into annuity agreements with donors whereby in exchange for a gift from the donor, the University is obligated to make fixed annual payments to the donors or other designated beneficiaries during their lifetimes. A liability is recognized for the estimated present value of the annuity obligation and the assets are recorded at fair value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in the Internal Revenue Service guidelines and actuarial tables.

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

Balance, July 1, 2008	\$ 7,512,389
Change in value of split-interest agreements	<u>(909,795)</u>
Balance, June 30, 2009	6,602,594
Sale of trust assets	(126,489)
Change in value of split-interest agreements	<u>359,648</u>
Balance, June 30, 2010	<u>\$ 6,835,753</u>

The change in value of the split-interest agreements included in the change in permanently restricted net assets on the statements of activities is composed of \$359,648 and \$(909,795) of unrealized and realized gains and losses for the years ended June 30, 2010 and 2009, respectively.

5. Property, Plant and Equipment

The following is a summary of the fixed assets held by the University:

	June 30,	
	<u>2010</u>	<u>2009</u>
Land	\$ 150,620	\$ 150,620
Land improvements	57,130	57,130
Buildings	31,738,515	31,719,737
Equipment	1,839,145	1,812,285
Vehicles	<u>95,503</u>	<u>93,599</u>
Total Property in Service	33,880,913	33,833,371
Less: Accumulated depreciation	<u>10,482,457</u>	<u>9,673,539</u>
Total Net Property, Plant and Equipment	<u>\$23,398,456</u>	<u>\$24,159,832</u>

6. Long-Term Obligations

The Kansas Independent College Finance Authority issued \$7,000,000 of Education Facilities Revenue Bonds, Series 2007, and made a loan of the same amount to the University for the purpose of financing the costs of acquiring, constructing, furnishing, and equipping a student activity center, enhancements to dormitories, and campus-wide landscaping.

The debt requires the University to make monthly deposits with the Trustee sufficient to service the principal maturities and interest requirements through May 2022. The debt agreement contains various restrictive covenants which include requirements for the maintenance of specified financial ratios. The notes are collateralized by real estate and a security interest in unrestricted revenues. The interest rates range from 4.05% to 4.65%. At June 30, 2010 and 2009, the University held bond proceeds totaling \$-0- and \$834, respectively, which had not yet been expended toward construction of the project.

The University has prepaid bond issuance costs of \$86,362 that are amortized over the life of the loan. The amortization expense totaled \$5,747 and \$5,757 for 2010 and 2009, respectively.

Future debt service requirements on the Series 2007 bonds at June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.10%	\$ 385,000	\$ 259,845	\$ 644,845
2012	4.15%	405,000	244,060	649,060
2013	4.20%	420,000	227,253	647,253
2014	4.25%	435,000	209,613	644,613
2015	4.30%	455,000	191,125	646,125
2015 and after	4.300% - 4.650%	<u>3,805,000</u>	<u>724,030</u>	<u>4,529,030</u>
Totals		<u>\$ 5,905,000</u>	<u>\$ 1,855,926</u>	7,760,926
				Amount representing interest (1,855,926)
				Bond proceeds held in escrow (649,117)
				<u>Original issue discount, less amortization (88,114)</u>
				<u>Bonds Payable \$ 5,167,769</u>

7. Commercial Guaranty

Associated Colleges of Central Kansas (ACCK) has borrowed monies from Bank of America, N.A. in the amount of \$1,680,000. The University has guaranteed a portion of ACCK's indebtedness, which is due in quarterly installments with final payment due during the University's fiscal year ending June 30, 2013. The University would be obligated to perform under the guaranty if ACCK failed to pay principal and interest payments to the lender when due. The maximum potential amount of future (undiscounted) payments under the guaranty would be \$559,994 at June 30, 2010, plus all interest thereon, plus the University's proportionate share of the lender's costs, expenses, and attorney fees incurred. As of June 30, 2010, ACCK is current with its debt payments.

8. Retirement Plan

The University has a contributory defined contribution pension plan covering substantially all full-time employees. Pension expense, which is funded currently, aggregated approximately \$486,021 and \$447,725 for the years ended June 30, 2010 and 2009, respectively.

9. The Kansas Wesleyan Foundation (Donor-designated Endowments - UPMIFA state)

The University has established The Kansas Wesleyan Foundation 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 in accordance with the terms of its governing instrument. The Foundation is a not-for-profit corporation with a separate governing board. The Foundation's financial statements are included in the financial statements of the University. The Foundation is considered an endowment under accounting standards.

The University's endowment consists of individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's 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 University's 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 4.5% of the total market value of investable assets as of July 1 each year will be budgeted for use in the University's current fiscal year according to restrictions of donors. The Board of Trustees determines an appropriate amount of expenditures each year based on the net asset value of the endowment fund.

The Board of Trustees of the University has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the 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. In accordance with SPMIFA, the University considers the following factors 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; and,
- (7) The investment policies of the University.

Changes in endowment net assets for the years ended June 30, 2010 and 2009 follow:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, July 1, 2008	\$ -	\$ 3,197,686	\$ 16,902,216	\$ 20,099,902
Revenues, Gains and Reclassifications				
Gifts and bequests	-	-	185,293	185,293
Interest and dividend income	-	310,724	-	310,724
Net loss on split-interest agreements	-	-	(909,795)	(909,795)
Investment income from split- interest agreements	-	274,662	-	274,662
Net realized and unrealized appreciation (depreciation)	(150,926)	(3,029,567)	-	(3,180,493)
Appropriation of endowment assets for expenditure	<u>(90,840)</u>	<u>(753,505)</u>	<u>-</u>	<u>(844,345)</u>
Endowment Net Assets, June 30, 2009	(241,766)	-	16,177,714	15,935,948
Revenues, Gains and Reclassifications				
Gifts and bequests	-	-	188,451	188,451
Interest and dividend income	-	226,192	-	226,192
Net gain on split-interest agreements	-	-	359,648	359,648
Investment income from split- interest agreements	-	299,261	-	299,261
Net realized and unrealized appreciation (depreciation)	356,627	796,552	-	1,153,179
Appropriation of endowment assets for expenditure	<u>(114,861)</u>	<u>(726,128)</u>	<u>-</u>	<u>(840,989)</u>
Endowment Net Assets, June 30, 2010	<u>\$ -</u>	<u>\$ 595,877</u>	<u>\$ 16,725,813</u>	<u>\$ 17,321,690</u>

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 that are reported in unrestricted net assets were \$-0- and \$241,766 as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations and expenditures in excess of revenues.

10. 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 equipment leases totaled \$63,813 and \$70,224 for the years ended June 30, 2010 and 2009, 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,

2011	\$ 64,445
2012	47,772
2013	42,271
2014	<u>4,830</u>
Total	<u>\$ 159,318</u>

11. Advancement Expenses

The University incurred development and fund-raising expenses amounting to \$372,500 and \$339,624 for the years ended June 30, 2010 and 2009, respectively. Such amounts are included in institutional support expenses in the accompanying statements of activities.

12. Contingencies

During the year ended June 30, 2005, the University received a donation of property that included a building and land in Manhattan, Kansas. The donor reserves the exclusive and irrevocable right to occupy the building and land for the donor's life.

13. Concentrations of Credit Risk

The University grants credit to students. Notes receivable at June 30, 2010 and 2009, included \$1,200,794 and \$1,289,667, respectively, of Perkins loans to students. The University's equity is 12% of these revolving loan funds and, therefore, its risk of loss is limited to 12% of these amounts.

The University has determined that no individual financially responsible party or group of such parties represent a material concentration of credit risk.

The University participates in the Student Financial Assistance Program through the U.S. Department of Education. Students, based on eligibility requirements, receive grants and loans for educational purposes including tuition, fees, books, and housing. The University received \$7,757,397 and \$7,183,460 from the U.S. Treasury for such grants, loans, and administrative fees for the years ended June 30, 2010 and 2009, respectively.

The Kansas Wesleyan Foundation has invested in mutual funds, securities issued by the U.S. Treasury and other federal agencies, corporate bonds, corporate stocks, and other investments. 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 a certain institution were in excess of the Federal insurance limitation as of June 30, 2010 and 2009.

14. Related Party Transactions

Other assets includes a \$90,000 loan to a member of management. The note was issued in January 2010 and is due December 31, 2014. Principal and interest payments of \$21,612 are due in annual installments. The note bears an interest rate of 2.64%. The note is secured by a mortgage on real property.

15. Assets Transferred to a Recipient Organization

Kansas Wesleyan Foundation and 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 Kansas Wesleyan Foundation and RSVP of an amount up to but not to exceed 5% of the respective fund's net fair market value. The Greater Salina Community Foundation has variance power over the funds as required by the Internal Revenue Service. At June 30, 2010 and 2009, the fair values of these assets were \$25,988 and \$23,318, respectively, and are included in other assets in the accompanying statements of financial position.

16. Fair Value of Financial Instruments

The following methods and assumptions were used by the University in estimating the fair value of the financial instruments:

Cash, receivables, accounts payable and accrued expenses, and deposits approximate their fair value due to their short-term nature.

Investments are estimated based on quoted market prices for those similar investments.

Unconditional promises to give is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturities.

Bonds payable is estimated based on quoted market prices. The carrying amount of the debt approximates its fair value.

Notes receivable and Federal loan programs refundable are carried at cost less an allowance for uncollectible notes receivable. It was not practical to estimate their fair value.

17. Noncash Investing and Financing Activities

Purchases of property and equipment financed through accounts payable totaled \$0- and \$10,000 as of June 30, 2010 and 2009, respectively.

As of June 30, 2010 and 2009, \$649,117 and \$649,136, respectively, of bond proceeds held in escrow have reduced the bonds payable balance on the statements of financial position.

Cash paid for interest, net of capitalized interest, was \$270,071 and \$275,898 for 2010 and 2009, respectively.

18. Accounting for Uncertainty in Income Taxes

The University adopted a new accounting standard for accounting for uncertainty in income taxes as of July 1, 2009. The adoption of this standard had no impact on the University's financial statements. The University believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The University files a Federal Exempt Organization Income Tax Return. The University is no longer subject to U.S. federal income tax examinations by tax authorities for years ended before June 30, 2006.

19. Subsequent Events

The University has evaluated subsequent events through October 11, 2010, the date which the financial statements were issued. There were no events that require disclosure.

Supplemental Information

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2010		2009	
	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	\$ 6,400,506	49.1	\$ 6,255,876	49.2
Spring	6,114,597	46.9	5,836,195	45.9
Part time				
Fall	149,041	1.1	168,866	1.3
Spring	120,213	0.9	152,207	1.2
Summer	231,602	1.8	179,101	1.4
Adult Professional Studies	76,234	0.5	136,324	1.1
Subtotal	13,092,193	100.3	12,728,569	100.1
Graduate Fees	490,642	3.8	555,373	4.4
Fees	169,358	1.3	170,338	1.3
Gross Tuition and Fees	13,752,193	105.4	13,454,280	105.8
Less: Scholarships and Other Aid				
Scholarships	(3,138,971)	(24.1)	(3,278,097)	(25.8)
Grants	(109,068)	(0.8)	(111,426)	(0.9)
Awards	(1,547,953)	(11.9)	(1,513,692)	(11.9)
Discounts	(430,452)	(3.3)	(347,365)	(2.7)
Total Scholarships and Other Aid	(5,226,444)	(40.1)	(5,250,580)	(41.3)
Net Tuition and Fees	8,525,749	65.3	8,203,700	64.5
Gift Revenues				
Scholarship gifts	81,800	0.6	73,309	0.5
Unrestricted gifts	254,346	2.0	189,956	1.5
Total Gift Revenues	336,146	2.6	263,265	2.0
Grant Revenues				
Student Assistance - Federal Supplemental Educational Opportunity Grants	109,068	0.8	111,426	0.9
Student Assistance - Federal Work-Study Program	79,653	0.7	79,653	0.6
Miscellaneous	4,210	-	1,281	-
Total Grant Revenues	192,931	1.5	192,360	1.5
Other Revenues				
Gains (losses) on investments	(21,271)	(0.2)	(30)	-
Change in value of split-interest agreements	17,008	0.2	(1,404)	-
Interest and dividends	40,270	0.3	58,127	0.5
Miscellaneous	38,534	0.3	47,486	0.4
Total Other Revenues	74,541	0.6	104,179	0.9
Total Educational and General	9,129,367	70.0	8,763,504	68.9

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2010		2009	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Auxiliary Enterprises				
Housing System				
Apartments	\$ 177,415	1.4	\$ 200,864	1.6
Resident Halls	1,134,530	8.7	1,157,750	9.1
Shriwise Dining Hall	1,776,539	13.6	1,734,567	13.6
Total Housing System	<u>3,088,484</u>	<u>23.7</u>	<u>3,093,181</u>	<u>24.3</u>
Other Auxiliary Enterprises				
Bookstore	15,694	0.1	20,874	0.2
Ticket sales	15,479	0.1	15,076	0.1
Vending operations	8,075	0.1	7,558	0.1
Other sales	-	-	5,962	-
Total Other Auxiliary Enterprises	<u>39,248</u>	<u>0.3</u>	<u>49,470</u>	<u>0.4</u>
Total Auxiliary Enterprises	<u>3,127,732</u>	<u>24.0</u>	<u>3,142,651</u>	<u>24.7</u>
Total Revenues and Gains	<u>12,257,099</u>	<u>94.0</u>	<u>11,906,155</u>	<u>93.6</u>
Reclassifications and Transfers				
Net Assets Released from Restrictions Excluding Capital Expenditure Releases				
Pledges received	7,420	0.1	5,075	-
Kansas Wesleyan Foundation scholarship and restricted distributions	557,319	4.3	312,482	2.5
Special projects	5,444	-	11,201	0.1
Total Net Assets Released from Restrictions Excluding Capital Expenditure Releases	<u>570,183</u>	<u>4.4</u>	<u>328,758</u>	<u>2.6</u>
Transfers Excluding Capital Expenditures				
Kansas Wesleyan Foundation distributions	226,358	1.7	477,904	3.8
Refund of Federal Loan Program funds	(5,185)	(0.1)	358	-
Total Transfers Excluding Capital Expenditures	<u>221,173</u>	<u>1.6</u>	<u>478,262</u>	<u>3.8</u>
Total Reclassifications and Transfers	<u>791,356</u>	<u>6.0</u>	<u>807,020</u>	<u>6.4</u>
Total Revenues, Gains, Reclassifications and Selected Transfers from Other Unrestricted Funds	<u>13,048,455</u>	<u>100.0</u>	<u>12,713,175</u>	<u>100.0</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2010		2009	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Expenses				
Educational and General				
Instructional				
Art	\$ 117,800	0.9	\$ 118,071	0.9
English	167,684	1.3	187,279	1.5
Language	70,181	0.5	63,827	0.5
Music				
Instrumental	128,177	1.0	134,225	1.1
Vocal	184,468	1.4	114,076	0.9
Speech and Theatre	172,103	1.3	153,425	1.2
Communications	96,864	0.7	118,501	0.9
Religion and Philosophy	110,770	0.8	105,941	0.8
Accounting	79,832	0.6	86,415	0.7
Education	252,791	1.9	238,679	1.9
Health, Physical Education and Recreation	157,913	1.2	144,682	1.1
Biology	173,026	1.3	156,557	1.2
Chemistry	110,218	0.8	125,337	1.0
Mathematics	71,143	0.5	64,779	0.5
Computer Science	163,720	1.3	164,348	1.2
Physics	79,007	0.6	80,411	0.6
Sociology and Criminal Justice	131,957	1.0	131,299	1.0
Psychology and Addictions	113,590	0.9	116,548	0.9
History	119,550	0.9	113,088	0.9
Business Administration	382,714	2.9	384,290	2.9
Nursing	453,348	3.5	426,678	3.4
Total Instructional	<u>3,336,856</u>	<u>25.3</u>	<u>3,228,456</u>	<u>25.1</u>
Academic Support				
Academic Dean's Office	191,395	1.5	196,141	1.5
Library	223,029	1.7	238,964	1.9
Total Academic Support	<u>414,424</u>	<u>3.2</u>	<u>435,105</u>	<u>3.4</u>
Student Services				
Admissions	547,092	4.2	517,250	4.2
Enrollment Services	296,155	2.3	281,060	2.2
Student Life	537,948	4.1	527,193	4.1
Total Student Services	<u>1,381,195</u>	<u>10.6</u>	<u>1,325,503</u>	<u>10.5</u>

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2010		2009	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Expenses (Contd.)				
Educational and General (Contd.)				
Athletics				
Athletic Director	\$ 128,662	1.0	\$ 126,850	1.0
Athletic Training	132,534	1.0	122,130	1.0
Athletics - Men	730,645	5.6	696,495	5.5
Athletics - Women	439,485	3.4	386,976	3.0
Total Athletics	<u>1,431,326</u>	<u>11.0</u>	<u>1,332,451</u>	<u>10.5</u>
Institutional Support				
President's Office	374,443	2.9	280,219	2.2
Advancement and Alumni Office	372,500	2.9	339,624	2.7
Publicity Office	263,658	2.0	260,294	2.1
Business Office	219,445	1.7	213,425	1.7
Post Office	30,648	0.2	32,759	0.3
Information Systems	295,642	2.3	381,006	3.0
Insurance	303,948	2.3	291,488	2.3
Tuition Remission	106,185	0.8	146,298	1.2
ACCK Administration	126,521	1.0	123,006	1.0
General	178,998	1.4	232,383	1.8
Total Institutional Support	<u>2,271,988</u>	<u>17.5</u>	<u>2,300,502</u>	<u>18.3</u>
Maintenance and Utilities				
Maintenance Department	746,936	5.7	714,666	5.6
Depreciation	808,917	6.2	799,106	6.3
Utilities	279,215	2.1	262,531	2.1
Total Maintenance and Utilities	<u>1,835,068</u>	<u>14.0</u>	<u>1,776,303</u>	<u>14.0</u>
Other Expenses				
Annuity Interest	22,920	0.2	22,920	0.2
Bond Interest	283,223	2.2	302,202	2.4
Total Other Expenses	<u>306,143</u>	<u>2.4</u>	<u>325,122</u>	<u>2.6</u>
Total Educational and General	<u>10,977,000</u>	<u>84.0</u>	<u>10,723,442</u>	<u>84.4</u>
Auxiliary Enterprises				
Housing System				
Apartments	135,220	1.0	132,370	1.0
Dormitories and Related Facilities	605,396	4.6	651,302	5.1
Shriwise Dining Hall	1,068,633	8.2	1,041,044	8.2
Total Auxiliary Enterprises	<u>1,809,249</u>	<u>13.8</u>	<u>1,824,716</u>	<u>14.3</u>
Total Expenses	<u>12,786,249</u>	<u>97.8</u>	<u>12,548,158</u>	<u>98.7</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2010		2009	
	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	\$ 262,206	2.2	\$ 165,017	1.3
Capital Project Transactions				
Net Assets Released from Restrictions for Student Activity Center	-	-	136,672	1.1
Transfers				
Property, plant and equipment	758,788	5.8	(2,264,368)	(17.8)
Bond principal payment	(370,000)	(2.8)	(360,000)	(2.8)
Net Capital Project Transactions	<u>388,788</u>	<u>3.0</u>	<u>(2,487,696)</u>	<u>(19.6)</u>
Total Change in Unrestricted Net Assets (Deficit) Available for Operations Including Capital Projects	650,994	<u>5.2</u>	(2,322,679)	<u>(18.3)</u>
Unrestricted Net Assets Available for Operations, Beginning of Year	<u>2,688,522</u>		<u>5,011,201</u>	
Unrestricted Net Assets Available for Operations, End of Year	<u>\$ 3,339,516</u>		<u>\$ 2,688,522</u>	

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 2

SCHEDULE OF AGENCY FUNDS

<u>Fund</u>	Balance June 30, 2009	Receipts	Disbursements	Balance June 30, 2010
Addictions Grant #2	\$ 16,100	\$ 483	\$ -	\$ 16,583
Addictions Seminar	8,360	-	249	8,111
Alpha Chi	(685)	4,152	2,509	958
Alumni Association	17,528	14,082	8,574	23,036
Ambassadors	840	152	-	992
Art Club	557	142	85	614
Art Department	303	313	318	298
Athletic Training	1,053	5,062	2,777	3,338
Band	(268)	2,300	1,795	237
Beta Beta Beta	168	75	-	243
Biology Club	293	131	321	103
Booster Club	2,383	117,232	116,648	2,967
Business Club	2,066	62	-	2,128
Center for Church Leadership	(589)	9,105	10,569	(2,053)
Chi Alpha	2	-	-	2
Class 2010 - Benches	-	1,400	-	1,400
College Music Educators	-	164	143	21
College Society for Gamers	45	228	191	82
Computer Club	-	380	174	206
Corpus Juris Club	419	909	1,265	63
Crusade for Christ	23	1	-	24
Drama Club	2,624	499	2,986	137
Dudley Emergency	2,372	71	-	2,443
Fellowship of Christian Athletes	79	127	182	24
Flower Fund	199	191	495	(105)
Geology Club	5,258	159	-	5,417
Golf Tour - Coyotes	886	1,165	1,013	1,038
HPER Club	1,041	1,097	249	1,889
International Club	379	928	758	549
KWU Academic Dean	1,980	569	-	2,549
KWU Chemistry Club	868	199	644	423
KWU Choir	(6,245)	261,434	255,750	(561)
KWU Ham Radio Club	50	682	628	104
KWU Psychology Club	(213)	694	311	170
KWU Symphony Opera	7,353	13,957	17,528	3,782
Language	2,115	63	-	2,178
Language Camp	6,444	-	6,444	-
Math Department	1,683	41	867	857
Medical Health Association	776	150	-	926
Microburst Club	-	278	156	122
Minority Student Union	91	-	147	(56)

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 2 (Contd.)

SCHEDULE OF AGENCY FUNDS

<u>Fund</u>	Balance June 30, 2009	Receipts	Disbursements	Balance June 30, 2010
Miscellaneous	\$ 11,907	\$ 321	\$ -	\$ 12,228
Music Booster Club	323	8	-	331
Music Internship	7,568	220	660	7,128
Newman Club	68	2	-	70
Nursing Program Fund	5,146	9,766	4,985	9,927
Outdoor Adventure Club	421	13	-	434
Phi Alpha Theta	482	264	396	350
Pi Kappa Delta	1,744	21,283	17,214	5,813
Republican Students	97	131	-	228
Richards Lecture Series	8,031	1,902	3,175	6,758
Salina Municipal Band	1,431	-	-	1,431
SNEA	1,394	420	713	1,101
Society of Physics	1,447	1,864	2,643	668
Solid Waste Venture Grant	(6,394)	6,865	470	1
Staff Flower Fund	-	162	118	44
Strings Program	2,420	4,859	5,429	1,850
Student Nursing Organization	2,764	3,001	2,590	3,175
Student Technology Association	1,599	291	-	1,890
Theophils Club	1,393	1,912	2,910	395
U.S. Treasury Fund	1,835	7,792,713	7,792,713	1,835
UMHMF Nurse	2,462	13,875	17,664	(1,327)
UUMC Concert Series	1,327	2,636	3,319	644
Women's Auxiliary	2,565	2,065	2,527	2,103
Woodworth Fellowship	(6,305)	31,063	16,859	7,899
Writers' Guild	302	532	644	190
Totals	\$ 120,365	\$ 8,334,845	\$ 8,308,805	\$ 146,405

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 3

**SCHEDULE OF RETIRED SENIOR VOLUNTEER
PROGRAM REVENUES AND EXPENSES**

	Year Ended June 30,	
	2010	2009
Revenues		
United Way	\$ 50,900	\$ 47,933
ACTION Grant	50,128	53,477
Other grants	7,067	14,852
Miscellaneous	15,676	(13,142)
Total Revenues	123,771	103,120
Expenses		
Salaries	75,201	80,454
Benefits	21,543	17,751
Supplies	1,653	1,106
Postage	464	544
Copying	-	54
Telephone	2,395	2,342
Dues	825	1,150
Repairs and maintenance	50	179
Printing	1,377	1,768
Advertising	76	-
Travel and vehicle	5,311	4,181
Meals and lodging	2,813	2,098
Education	225	75
Rent	8,767	8,767
Contract services	296	502
Computer service	988	-
Special events	2,064	2,188
Insurance	2,103	2,386
Miscellaneous	1,362	4,604
Total Expenses	127,513	130,149
(Deficit) of Revenues over Expenses	(3,742)	(27,029)
Beginning Net Assets	88,028	115,057
Ending Net Assets	\$ 84,286	\$ 88,028

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 4

**SCHEDULE OF KANSAS WESLEYAN FOUNDATION ASSETS
AND DISTRIBUTIONS**

	Year Ended June 30,	
	2010	2009
Assets Managed Under Agency Agreements		
Greater Salina Community Foundation	\$ 12,957	\$ 11,928
Waddell & Reed	33,816	29,416
Advantage Trust Company	2,476,543	2,175,695
UMB Bank, N.A.	3,487,376	3,184,197
Bank of America, N.A.	2,875,575	2,522,230
Sunflower Bank, N.A.	3,021,434	2,667,886
Total Assets Managed Under Agency Agreements	11,907,701	10,591,352
Less: Amounts due Kansas Wesleyan University	(1,474,370)	(1,310,604)
Net Assets Managed Under Agency Agreements	10,433,331	9,280,748
Assets Held Under Beneficial Interest in Perpetual Trusts		
Hupfer, Warren and Irene	204,679	195,428
Litowich, Helen	398,200	370,139
Mall, William	162,199	153,005
Muir, John B.	638,741	640,118
Remiatte, Kittie	349,654	327,730
Rice, A.J.	2,019,818	1,966,894
Spurrier, Edna	270,294	254,669
Thomsen, F.C.	-	106,950
Tinkler, W.O. and Julie Ann	446,953	406,119
Vanier, John J.	504,136	451,801
Ward, Ruth E.	289,732	275,045
Woodworth, G. Walter	1,010,295	952,944
Young, W. Harold	378,502	369,374
Total Assets Held Under Beneficial Interest in Perpetual Trusts	6,673,203	6,470,216
Assets Held in Charitable Remainder Trusts		
Olson, Dale C. and Marceline L.	162,550	132,378
Total Assets Held in Charitable Remainder Trusts	162,550	132,378
Other Assets		
Gillispie Land and Building	52,606	52,606
Total Net Assets	\$ 17,321,690	\$ 15,935,948
Distributions of Unrestricted Net Assets	\$ -	\$ -
Net Assets Released from Restrictions		
Distributions for operations	190,863	269,438
Distributions for scholarships	366,456	367,241
Distributions for general expenses	226,358	153,354
Total Net Assets Released from Restrictions	783,677	790,033
Total Distributions	\$ 783,677	\$ 790,033