WASHBURN UNIVERSITY OF TOPEKA

FINANCIAL STATEMENTS

JUNE 30, 2019

Index

Page

Independent Auditors' Report .... 1 - 4

Management's Discussion and Analysis .... 5 - 17

Financial Statements

Statements of Net Position .... 18 - 19

Statements of Financial Position - Washburn University Foundation 20

Statements of Financial Position - Washburn Law School Foundation 21

Statements of Revenues, Expenses, and Changes in Net Position .... 22 - 23

Statement of Activities - 2019 - Washburn University Foundation 24

Statement of Activities - 2019 - Washburn Law School Foundation 25

Statement of Activities - 2018 - Washburn University Foundation 26

Statement of Activities - 2018 - Washburn Law School Foundation 27

Statements of Cash Flows .... 28 - 29

Notes to Financial Statements .... 30 - 71

Index *(Continued)*

Page

Supplementary Information

Schedule of Expenditures of Federal Awards .... 72 - 76

Notes to Schedule of Expenditures of Federal Awards 77

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance With *Government Auditing Standards* .... 78 - 79

Independent Auditors' Report on Compliance For Each Major Federal Program and a Report On Internal Control Over Compliance Required By the Uniform Guidance .... 80 - 82

Schedule of Findings and Questioned Costs .... 83 - 90

Summary Schedule of Prior Audit Findings......................................91

Corrective Action Plan...92 - 93

Supplementary Information Required for Revenue and Revenue Refunding Bonds

Schedule 1 - Revenues, Expenditures, and Comparison With Budget - General Fund 94

Schedule 2 - Revenues, Expenditures, and Comparison With Budget - Debt Retirement and Construction Fund 95

Schedule 3 - Revenues, Expenditures, and Comparison With Budget - Tort Claim Liability Fund...96

Schedule 4 - Revenues, Expenditures, and Comparison With Budget - Sales Tax Smoothing Fund..97

Index *(Continued)*

Page

Schedule 5 - Revenues, Expenditures, and Comparison With Budget - Capital Improvement Fund 98

Schedule 6 - Revenues, Expenditures, and Comparison With Budget - Washburn Institute of Technology 99

Schedule 7 - Cash Receipts and Expenditures - 2018 Series Bond Issue 100

Schedule 8 - Operations of Residential Living 101

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Independent Auditors' Report

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of Washburn University of Topeka (the University) and its discretely presented component units as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Washburn University Foundation, a discretely presented component unit of the University, which statements reflect total assets of $210,180,839 and $203,450,691 as of June 30, 2019 and 2018, respectively, and total revenues of $19,905,908 and $22,070,279, respectively, for the years then ended or the Washburn Law School Foundation, a discretely presented component unit of the University, which statements reflect total assets of $7,243,290 and $7,034,062 as of June 30, 2019 and 2018, respectively, and total revenues of $599,362 and $522,678, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Washburn University Foundation and the Washburn Law School Foundation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable provisions of the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Washburn University Foundation and Washburn Law School Foundation, which comprise the financial statements of the discretely presented component units, were not audited in accordance with *Government Auditing Standards* and the applicable provisions of the Kansas Municipal Audit Guide.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 5 to the financial statements, in 2019 Washburn University of Topeka changed its accounting for its interest in the Washburn University Foundation. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 5 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the University's financial statements. The accompanying budgetary comparison information on pages 94 through 99, the schedule of cash receipts and expenditures – 2018 bond issue on page 100, schedule of operations of residential living on page 101, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on pages 72 through 77, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budgetary comparison information, schedule of cash receipts and expenditures – 2018 bond issue and schedule of operations of residential living have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing; and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the University's internal control over financial reporting and compliance.

RubinBrown LLP

December 5, 2019

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Washburn University (the University) during the fiscal year ended June 30, 2019 with comparative data for the fiscal years ended June 30, 2018 and 2017. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with them. Management is responsible for the objectivity and integrity of the accompanying financial statements and notes, and for this discussion and analysis.

Management is also responsible for maintaining the University's system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes the University's system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Reporting Entity

The financial statements of the University include the operations of the University and the following component units:

- Washburn Institute of Technology (Washburn Tech);
- Washburn University Foundation (the Foundation); and,
- Washburn Law School Foundation (the Law Foundation).

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, Washburn Tech is included in the University's financial statements as a blended component unit because the University's Board of Regents is also the governing body of Washburn Tech and the University's management has operational responsibility for Washburn Tech.

Throughout this MD&A, references to "the University" refer to the blended reporting entity unless the reference specifically or contextually relates only to Washburn University.

The Foundation and the Law Foundation are reported as discretely-presented component units of the University in compliance with GASB Statements No. 14, No. 39, No. 61, and No. 80. Neither of these component units is addressed in this MD&A.

Using the Financial Statements

The University's financial statements are presented in a "business type activity" format, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to the MD&A, these pronouncements require the following in a financial report:

- Statement of Net Position;
- Statement of Revenues, Expenses and Changes in Net Position;
- Statement of Cash Flows; and,
- Notes to Financial Statements.

One of the most important questions asked about the University's finances is whether the University as a whole is better or worse off as a result of the year's activities. The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows provide information on the University as a whole and present a long-term view of the University's finances. These statements present financial information in a form similar to that used by private corporations.

Over time, increases or decreases in net position (the residual of assets, deferred outflows of resources, liabilities, and deferred inflows of resources) are one indicator of the improvement or erosion of the University's financial health, when considered with non-financial data such as enrollment levels and the condition of the University's facilities. In addition to the required information noted above, this report contains required supplementary information and other supplementary schedules.

Financial Highlights for The Fiscal Year Ended June 30, 2019

The discussion below addresses the University's financial highlights.

Change in Accounting Principle

In an effort to adopt best practice the University discontinued reporting "Interest in the Net Assets of the Washburn University Foundation" during Fiscal Year 2019. Doing so resulted in a $33,613,000 adjustment to beginning Net Position, but it allowed for the University's financial statement presentation to be more consistent with its peers and more closely align its reporting practices with those of the *Governmental Accounting Standards Board*. Legal title to the underlying assets remains with the Washburn University Foundation and they will continue to be reported on its financial statements.

Washburn University

The University's financial position remained strong at June 30, 2019, with total assets of $211.2 million, deferred outflows of resources of $309,000, and total liabilities of $63.5 million. When adjusted for the above referenced change in accounting principle, these amounts resulted in an increase in net position of $2.6 million.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal Year 2019 operating revenues were $45.8 million and operating expenses were $101.5 million, resulting in a loss from operations of $55.7 million. GASB Statement No. 35 requires state and local appropriations, gifts and investment income to be classified as nonoperating revenues. As a result, the University reports a net operating loss.

To gain a complete picture of operations requires consideration of net nonoperating revenues. For the year ended June 30, 2019, net nonoperating revenues of $57.6 million consist primarily of state and local appropriations, grants, and gifts. When combined with capital grants ($382,000) and additions to permanent endowments ($303,000), the University recognized an increase in net position of $2.6 million compared to an increase of $10.1 million for the year ended June 30, 2018.

Washburn Tech

Washburn Tech's financial position was also strong at June 30, 2019, with total assets of $13.5 million exceeding total liabilities of $976,000. When adjusted for the above referenced change in accounting principle, these amounts resulted in an increase in net position of $1.4 million.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal Year 2019 operating revenues were $4.0 million and operating expenses were $13.6 million, resulting in a loss from operations of $9.6 million. Net nonoperating revenues of $11.0 million consist primarily of state appropriations and grants, which resulted in an increase in net position of $1.4 million. The increase compared favorably to an increase of $759,000 for the year ended June 30, 2018.

Combined Statements of Net Position

The Statement of Net Position is the University's balance sheet, presenting the financial position of the University at the end of the fiscal year. It includes all assets, liabilities, deferred outflows and inflows, and net position of the University. Net position is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets, liabilities and deferred outflows and inflows are generally measured using current values. The primary exception is capital assets, which are stated at historical cost, net of accumulated depreciation.

A condensed comparison of the University's assets, deferred outflows of resources, liabilities, and net position as of June 30, 2019, 2018 and 2017 is presented below.

Combined Statements of Net Position
June 30, 2019, 2018, and 2017

	2019	2018	2017
Assets:			
Current assets	$ 61,295,567	$ 47,571,283	$ 34,845,477
Capital assets, net	123,784,569	129,019,307	134,136,683
Noncurrent assets	39,538,890	72,592,825	72,754,268
Total Assets	224,619,026	249,183,415	241,736,428
Deferred Outflows of Resources	309,322	372,273	442,447
Liabilities:			
Current liabilities	13,896,205	14,936,411	14,855,278
Noncurrent liabilities	50,603,451	44,617,020	48,182,224
Total Liabilities	64,499,656	59,553,431	63,037,502
Net Position:			
Net investment in capital assets	80,969,651	83,952,330	86,442,430
Restricted - nonexpendable	29,133,665	30,148,547	30,118,844
Restricted - expendable	12,397,939	43,078,335	38,574,758
Unrestricted	37,927,437	32,823,045	24,005,341
Total Net Position	$ 160,428,692	$ 190,002,257	$ 179,141,373

Assets

Assets consist primarily of cash and cash equivalents, short-term investments, accounts and taxes receivable, amounts due from the Washburn University Foundation, and capital assets.

Current assets totaled $61.3 million at June 30, 2019, and consisted primarily of cash, short-term investments, and receivables. This represents an increase of $13.7 million due primarily to increases in short-term investments and amounts due from the Washburn University Foundation. The increase in short-term investments resulted from the receipt of Series 2018 Revenue Bond proceeds in October 2018, the balance of which will be expended during Fiscal Year 2020 to fund costs associated with the Indoor Athletic Facility project. Total current assets at June 30, 2019 cover current liabilities 4.4 times, an indicator of good liquidity.

Capital assets, which represent the assets' historical cost net of accumulated depreciation, totaled $123.8 million at June 30, 2019. This represents a decrease of $5.2 million, which is attributable to depreciation and disposals exceeding capitalized expenditures.

Noncurrent assets totaled $39.5 million and $72.6 million at June 30, 2019 and 2018, respectively, and consisted primarily of restricted cash and amounts due from the Washburn University Foundation. The

$33.1 million decrease in noncurrent assets from the prior year is due to the previously described change in accounting principle.

Deferred Outflows of Resources

GASB Statement No. 65 requires that the excess of the reacquisition price of new debt over the net carrying value of refunded debt be reported as a deferred outflow of resources. During the year ended June 30, 2014, the University issued $9.655 million of bonds to refund the Series 2004 bonds. In connection with that transaction, the remaining deferred outflows relating to the Series 2004 bonds ($589,000) were written off, while $534,000 of deferred outflows was recorded relating to the Series 2014 bonds. The remaining balance of $309,000 represents the unamortized balance. There were no additions to deferred outflows of resources during the years ended June 30, 2019, 2018, and 2017.

Liabilities

Significant liabilities include accounts payable and accrued liabilities, long-term bonded debt, capital lease obligations, compensated absences, and unearned revenue.

Current liabilities totaled $13.9 at June 30, 2019, and consisted primarily of accounts payable and accrued liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities totaled $50.6 million at June 30, 2019, and consisted primarily of long-term debt obligations and unearned revenue. This reflects an increase of $6.0 million due primarily to the issuance of the $10.2 million Series 2018 Revenue Bonds netted against the scheduled amortization of bond and capital leases obligations.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in capital assets - the property, plant and equipment owned by the University, net of the indebtedness relating to capital assets.

The next category is restricted net position, which is further divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources (endowment funds) is only available for investment purposes.

Expendable restricted net position is subject to externally-imposed restrictions governing its use. This category of net position includes earnings from permanent endowment funds that can be reinvested to protect future purchasing power or spent, but only in accordance with restrictions imposed by donors and/or external parties that have placed time or purpose restrictions on the use of the assets.

Although unrestricted net position is not subject to externally imposed stipulations, a portion of the University's unrestricted net position has been designated or reserved for specific purposes such as repairs and replacement of equipment, capital projects, and Regents' contingency.

Fiscal Year 2018 Compared to Fiscal Year 2017

Current assets totaled $47.6 million and $34.8 million at June 30, 2018 and 2017, respectively, and consisted primarily of cash and receivables. Total current assets at June 30, 2018 and 2017 covered current liabilities 3.2 and 2.4 times, respectively, an indicator of good liquidity.

Capital assets, which represent the assets' historical cost net of accumulated depreciation, totaled $129.0 and $134.1 million at June 30, 2018 and 2017, respectively. This represents a decrease of $5.1 million, which is attributable to depreciation and disposals exceeding capitalized expenditures.

Noncurrent assets totaled $72.6 million and $72.8 million at June 30, 2018 and 2017, respectively, and consisted primarily of restricted cash and receivables from the Washburn University Foundation.

Current liabilities totaled $14.9 million and $14.8 million at June 30, 2018 and 2017, respectively, and consisted primarily of accounts payable and accrued liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities totaled $44.6 and $48.2 million at June 30, 2018 and 2017, respectively, and consisted primarily of long-term debt obligations and unearned revenue. This represents a decrease of $3.6 million, which is attributable primarily to the scheduled amortization of bond and capital leases obligations.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position presented on the Statements of Net Position result from the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned and the expenses incurred by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses earned or incurred by the University. Under the accrual basis of accounting, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Generally speaking, operating revenues are received for providing goods and services to the students and various constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues earned for which goods and services are not provided. For example, the state operating grant and sales tax collections are nonoperating because they represent revenue provided to the University for which no goods or services are provided directly by the University to the state or Shawnee County.

One of the University's strengths is its diverse streams of revenue, which allow it greater flexibility to weather difficult economic times.

A condensed comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2019, 2018 and 2017 is presented below.

Combined Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019, 2018, and 2017

	2019	2018	2017
Operating revenues	$ 49,771,798	$ 47,362,035	$ 43,773,727
Operating expenses	115,130,938	110,868,676	110,238,351
Operating loss	(65,359,140)	(63,506,641)	(66,464,624)
Nonoperating revenues	71,234,534	71,595,573	68,360,730
Interest on capital asset-related debt	(1,747,998)	(1,590,060)	(1,539,978)
Other nonoperating expenses	(773,244)	(3,329,275)	(2,511,021)
Income before other revenues	3,354,152	3,169,597	(2,154,893)
Other revenues	684,867	7,691,287	590,186
Increase (decrease) in net position	4,039,019	10,860,884	(1,564,707)
Change in accounting principle	(33,612,584)	—	—
Net Position - Beginning of Year	190,002,257	179,141,373	180,706,080
Net Position - End of Year	$ 160,428,692	$ 190,002,257	$ 179,141,373

Fiscal Year 2019 Compared to Fiscal Year 2018

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of $4.0 million during the year ended June 30, 2019 compared to an increase of $10.9 million during the year ended June 30, 2018. Highlights of the information provided in these statements is included below.

Revenues

Revenues, excluding capital grants and additions to permanent endowments, totaled $121.0 million and $119.0 million for the years ending June 30, 2019 and 2018, respectively. The $2.0 million increase is attributable primarily to growth in student tuition and fees and state appropriations.

State and local appropriations comprised 38.1 percent of the University's revenue for the year ended June 30, 2019 compared to 37.7 percent for the year ended June 30, 2018. The next largest revenue source was net tuition and fees, comprising 33.0 percent of revenue for the year ended June 30, 2019 compared to 31.2 percent for the year ended June 30, 2018.

Expenses

Expenses totaled $117.6 million and $115.8 million for the years ended June 30, 2019 and 2018.

Instruction expenses accounted for 35.1 percent of total expenses by function for the year ended June 30, 2019 compared to 34.3 percent for the year ended June 30, 2018. The percentages for the remaining expenses by functional area range from 12.9 percent for Academic Support to 0.1 percent for Research for the year ended June 30, 2019, compared to 13.3 percent and 0.1 percent for the year ended June 30, 2018.

Salaries and benefits comprised 63.2 percent of operating expenses by natural classification for the year ended June 30, 2019 compared to 62.3 percent for the year ended June 30, 2018. Other operating expenses represent 25.7 percent of total expenses for the year ended June 30, 2019 compared to 25.9 percent for the year ended June 30, 2018. Financial aid and depreciation accounted for the remaining 11.1 percent of expenses for the year ended June 30, 2019 compared to 11.8 percent for the year ended June 30, 2018.

Fiscal Year 2018 Compared to Fiscal Year 2017

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of $10.9 million during the year ended June 30, 2018 compared to a decrease of $1.6 million during the year ended June 30, 2017. Highlights of the information provided in these statements is included below.

Revenues

Revenues, excluding capital grants and additions to permanent endowments, totaled $119.0 million and $112.2 million for the years ending June 30, 2018 and 2017, respectively. The $6.8 million increase is attributable primarily to growth in student tuition and fees and private gifts.

State and local appropriations comprised 37.7 percent of the University's revenue for the year ended June 30, 2018 compared to 38.9 percent for the year ended June 30, 2017. The next largest revenue source was net tuition and fees, comprising 31.2 percent of revenue for the year ended June 30, 2018 compared to 30.3 percent for the year ended June 30, 2017.

Expenses

Expenses totaled $115.8 million and $114.3 million for the years ended June 30, 2018 and 2017.

Instruction expenses accounted for 34.3 percent of total expenses by function for the year ended June 30, 2018 compared to 37.8 percent for the year ended June 30, 2017. The percentages for the remaining expenses by functional area range from 13.3 percent for Academic Support to 0.1 percent for Research for the year ended June 30, 2018, compared to 9.5 percent and 0.1 percent for the year ended June 30, 2017.

Salaries and benefits comprise 62.3 percent of expenses by natural classification for the year ended June 30, 2018 compared to 64.9 percent for the year ended June 30, 2017. Other operating expenses represent 25.9 percent of total expenses for the year ended June 30, 2018 compared to 23.0 percent for the year ended June 30, 2017. Financial aid and depreciation accounted for the remaining 11.8% of expenses for the year ended June 30, 2018 compared to 12.1% for the year ended June 30, 2017.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

The Statement of Cash Flows is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section reports the cash used in the acquisition, construction and financing of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Even though GASB No. 35 treats the state operating grant, sales tax collections, gifts and investment income as nonoperating revenues, for higher education institutions, these cash inflows are critical to funding the operations of the University.

Condensed Combined Statements of Cash Flows
For the Years Ended June 30, 2019, 2018, and 2017

	2019	2018	2017
Cash provided (used) by:			
Operating activities	$ (57,245,291)	$ (52,751,440)	$ (56,764,424)
Noncapital financing activities	70,857,512	57,604,652	57,426,234
Capital and related financing activities	(1,433,165)	(6,522,466)	(9,587,624)
Investing activities	(7,833,566)	5,894,595	7,100,577
Change in Cash	4,345,490	4,225,341	(1,825,237)
Cash - Beginning of Year	29,754,955	25,529,614	27,354,851
Cash - End of Year	$ 34,100,445	$ 29,754,955	$ 25,529,614

Fiscal Year 2019 Compared to Fiscal Year 2018

Significant sources of cash included sales tax revenues, state appropriations, and tuition and fees. Significant uses of cash were for payments to suppliers and vendors, payments to employees (including benefits), payments for scholarships and fellowships, capital assets, and self-insurance claims paid.

The cash position of the University increased by approximately $4.3 million during the year ended

June 30, 2019, compared to an increase of approximately $4.2 million during the year ended June 30, 2018. These changes are largely attributable to noncapital financing activities, including the receipt of gifts and grants.

Fiscal Year 2018 Compared to Fiscal Year 2017

Significant sources of cash included sales tax revenues, the state operating grant, tuition and fees. Significant uses of cash were for payments to suppliers and vendors, payments to employees (including benefits), payments for scholarships and fellowships, capital assets and self-insurance claims paid.

The cash position of the University increased by approximately $4.2 million during the year ended June 30, 2018 compared to a decrease of approximately $1.8 million during the year ended June 30, 2017. These changes are largely attributable to noncapital financing activities, including the receipt of gifts and grants.

Capital Asset and Debt Administration

Major Maintenance Funding/Deferred Maintenance

The University identifies, prioritizes, and funds maintenance through a combination of sources such as the sales tax capital improvement fund, the debt retirement and construction fund, donor contributions, and general fund allocations. As a result of this process, the University actively manages its deferred maintenance issues.

Capital Assets

At June 30, 2019, the University reported $123.8 million invested in capital assets, net of accumulated depreciation, compared to $129.0 million and $134.1 million at June 30, 2018 and 2017, respectively. Depreciation charges totaled $11.0 million for the fiscal year ended June 30, 2019 compared to $11.4 million and $11.9 million for the years ended June 30, 2018 and 2017, respectively. Details of these assets are as follows:

Condensed Statements of Capital Assets, Net of Accumulated Depreciation
As of June 30, 2019, 2018, and 2017

	2019	2018	2017
Land	$ 1,444,104	$ 1,444,104	$ 1,444,104
Buildings, improvements, and infrastructure	103,386,743	108,403,212	111,444,433
Furniture, fixtures, and equipment	7,730,536	9,070,803	10,338,224
Computers and electronic equipment	1,850,434	2,047,028	1,748,771
Books and collections	473,290	594,161	775,164
Broadcasting tower, antenna, and equipment	1,090,403	1,118,780	1,217,095
Vehicles	1,015,249	749,839	863,002
Works of art and historical treasures	3,811,154	3,811,154	2,689,354
Construction in progress	2,982,656	1,780,226	3,616,536
Capital Assets, Net	$ 123,784,569	$ 129,019,307	$ 134,136,683

Strategic additions during the fiscal year ended June 30, 2019 included completion of the Memorial Union roof replacement, Living Learning Center chilled water improvements, Mabee Library classroom improvements, and scoreboard replacements.

Strategic additions during the fiscal year ended June 30, 2018 included completion of the Rita Blitt Art Gallery and acquisition of a new campus wide phone system.

Strategic additions during the fiscal year ended June 30, 2017 included completion of the Lincoln Residence and Dining Halls.

Debt

At June 30, 2019, the University had $50.9 million in outstanding revenue bonds and capital leases compared to $44.5 million and $47.7 million at June 30, 2018 and 2017, respectively. The increase from 2018 to 2019 resulted from the October 2018 issuance of the Series 2018 Revenue Bonds. The table below summarizes the University's outstanding debt amounts by type of debt instrument.

Outstanding Bond and Capital Lease Principal
As of June 30, 2019, 2018, and 2017

	2019	2018	2017
Bonds:			
Series 2010	$ 4,130,000	$ 5,270,000	$ 6,375,000
Series 2014	5,075,000	6,040,000	6,975,000
Series 2015A	19,440,000	19,745,000	19,965,000
Series 2015B	6,135,000	6,455,000	6,765,000
Series 2018	9,695,000	-	-
Total Bonds	44,475,000	37,510,000	40,080,000
Capital Leases	6,396,728	7,031,304	7,651,863
Total Outstanding Debt	$ 50,871,728	$ 44,541,304	$ 47,731,863

On July 19, 2019, the University entered into a capital lease agreement to fund computer equipment purchases. This will place the University on a five-year replacement/refresh cycle and keep desktop and laptop systems current, operational, and consistent across campus. The original amount of the four-year lease is $1,292,460 with an interest rate of 2.60%. Annual principal and interest payments of $271,929 are due July 19 each year, beginning in 2019 and ending in 2023. Title to the equipment is held by the University.

On April 24, 2018, Moody's Investors Service updated its credit analysis of the University. Among other things, Moody's credit opinion stated "Washburn University's (A1 rating with a stable outlook) very good credit quality is supported by its diverse stream of revenues from city and county taxes, as well as state appropriations, demonstrating regional educational importance". Moody's A1 rating indicates that the University's bonds are considered upper-medium investment grade and are subject to low credit risk. Further, the insured rating on the Series 2018 Revenue Bonds indicates that when taking bond insurance into account, the bonds are considered to be high-quality credits, subject to very low credit risk.

Economic Outlook

University management believes the University is well positioned to maintain its strong financial condition and to continue providing a quality education to its students and excellent service to its stakeholders. The University's financial position, as evidenced by its A1 rating from Moody's, provides a high degree of flexibility in obtaining funds on competitive terms. This flexibility, along with ongoing efforts toward revenue enhancements and cost containment, will enable the University to obtain the necessary resources to sustain excellence and to continue to execute its long-range plan to modernize and expand its complement of older facilities with a balance of new construction. This strategy addresses the University's growth and the expanding role of technology in teaching and research methodologies.

State Appropriations

The University has experienced modest growth in state appropriations over time, but the growth has not kept pace with ever increasing operating costs. This experience has been shared by virtually every other public university in the nation. However, due to its diverse revenue streams the University has not been as severely impacted as most public institutions. On the other hand, the lack of steady, dependable growth in state support has slowed progress and negatively impacted student costs.

The University's fiscal 2020 budget anticipates modest growth in state appropriations when compared to fiscal 2019. Due to ongoing uncertainty surrounding state funding, the University continues to explore and implement when appropriate cost-reductions, program/revenue enhancements, and instructional delivery alternatives.

Local Appropriations

Sales and property tax (i.e., local appropriations) revenues are susceptible to fluctuations beyond the University's ability to control or, to some extent, anticipate. As a result, the University's practice has been to budget tax revenues conservatively. Over the last several years tax revenues have remained relatively steady as a percentage of total revenues.

For fiscal year 2020, the University held its sales tax budget constant.

Tuition

The University's Board of Regents approved a 2.7 percent tuition increase for fiscal year 2020.

For Fall 2019, the University experienced a 4.5% reduction in total student headcount. Although the majority of the decrease was anticipated and planned for, a $2 million shortfall in tuition and fees is anticipated. The shortfall is being offset primarily with permanent budget reductions.

Other than the foregoing, the University is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on the financial position or results of operations during this fiscal year.

As management wrestles with today's uncertain economic and demographic factors, the University's prudent use of resources, cost containment efforts and enhancement of other revenue sources will strengthen the University and ensure it is well positioned to take advantage of future opportunities.

Requests for Information

This report is designed to provide the reader a general overview of the University's financial position. Questions or requests for more information concerning any of the information provided in it should be directed to Chris Kuwitzky, Vice President for Administration and Treasurer, 1700 SW College Avenue, Topeka, Kansas 66621.

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF NET POSITION

	June 30, 2019	June 30, 2018
Current Assets:		
Cash and cash equivalents	$ 27,797,897	$ 24,659,718
Short-term investments	8,835,535	—
Taxes receivable	3,942,017	4,016,865
Accounts receivable, net of allowance of $3,447,252 and $2,840,141 in 2019 and 2018, respectively	7,603,070	7,392,345
Receivable from Washburn University Foundation	10,922,711	9,458,347
Other current receivables	300,000	300,000
Inventories	503,366	556,416
Other assets	1,390,971	1,187,592
Total Current Assets	61,295,567	47,571,283
Noncurrent Assets:		
Restricted cash and cash equivalents	6,302,548	5,095,237
Perkins loans receivable	655,502	753,855
Receivable from Washburn University Foundation	32,229,434	32,804,150
Interest in the net assets of Washburn University Foundation	—	33,612,584
Endowment investments	340,522	310,168
Prepaid insurance costs	10,884	16,831
Capital assets, net	123,784,569	129,019,307
Total Noncurrent Assets	163,323,459	201,612,132
Total Assets	224,619,026	249,183,415
Deferred Outflows of Resources:		
Excess of bond reacquisition costs over carrying value	309,322	372,273

STATEMENTS OF NET POSITION

Liabilities and Net Position

	June 30, 2019	June 30, 2018
Current Liabilities:		
Accounts payable and accrued liabilities	$ 6,521,001	$ 7,268,761
Accrued compensated absences, current portion	1,520,020	1,447,606
Accrued postemployment benefits	—	12,582
Unearned revenue	2,307,723	2,562,667
Capital lease obligation, current portion	648,912	634,576
Loans payable, current portion	—	45,635
Building revenue bonds, current portion	2,700,000	2,730,000
Deposits held in custody for others	198,549	234,584
Total Current Liabilities	13,896,205	14,936,411
Noncurrent Liabilities:		
Accrued compensated absences	352,277	296,401
Unearned revenue	1,909,650	2,291,580
Capital lease obligation	5,747,816	6,396,728
Building revenue bonds	42,593,708	35,632,311
Total Noncurrent Liabilities	50,603,451	44,617,020
Total Liabilities	64,499,656	59,553,431
Net Position:		
Net investment in capital assets	80,969,651	83,952,330
Restricted		
Nonexpendable		
Endowments	29,133,665	30,148,547
Expendable		
Scholarships	2,018,383	27,396,796
Loans	1,096,658	1,081,798
Self-funded insurance	6,021,312	4,393,381
Capital projects	261,861	9,181,559
Other	2,999,725	1,024,801
Unrestricted	37,927,437	32,823,045
Total Net Position	$ 160,428,692	$ 190,002,257

See the accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION – WASHBURN UNIVERSITY FOUNDATION

Assets

	June 30, 2019	June 30, 2018
Assets:		
Cash and cash equivalents	$ 12,415,662	$ 2,702,233
Investments	172,139,942	174,460,271
Bequests receivable	3,455,585	1,553,938
Pledges receivable	12,234,470	14,520,738
Accrued investment income receivable	32,654	28,024
Beneficial interests in trusts	6,988,068	7,210,929
Real estate, net	2,858,115	2,912,167
Equipment, net	56,343	62,391
Total Assets	$ 210,180,839	$ 203,450,691

Liabilities and Net Assets

	June 30, 2019	June 30, 2018
Liabilities:		
Accounts payable and accrued liabilities	$ 485,321	$ 433,485
Due to Washburn University of Topeka	10,922,711	9,451,037
Charitable gift liabilities	444,383	389,674
Funds managed on behalf of Washburn University of Topeka	32,229,434	32,804,150
Funds managed on behalf of Washburn Law School Foundation	7,243,290	7,034,062
Total Liabilities	51,325,139	50,112,408
Net Assets:		
Without donor restrictions	14,699,474	14,401,323
With donor restrictions	144,156,226	138,936,960
Total Net Assets	158,855,700	153,338,283
Total Liabilities and Net Assets	$ 210,180,839	$ 203,450,691

STATEMENTS OF FINANCIAL POSITION – WASHBURN LAW SCHOOL FOUNDATION

Assets

	June 30, 2019	June 30, 2018
Investments held at Washburn University Foundation	$ 7,243,290	$ 7,034,062

Liabilities and Net Assets

	2019	2018
Net Assets:		
Without donor restrictions	$ 2,638,009	$ 2,322,711
With donor restrictions	4,605,281	4,711,351
Total Net Assets	7,243,290	7,034,062
Total Liabilities and Net Assets	$ 7,243,290	$ 7,034,062

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Page 1 of 2

	For The Years Ended June 30, 2019	2018
Operating Revenues:		
Tuition and fees (net of scholarship allowances of $23,066,447 and $22,739,355 in 2019 and 2018, respectively)	$ 39,901,148	$ 37,159,003
Federal grants and contracts	44,314	2,025
State and local grants and contracts	—	59,826
Sales and services of educational departments	2,373,971	1,567,045
Auxiliary enterprises		
Residential Living (net of scholarship allowances of $231,845 and $210,388 in 2019 and 2018, respectively; revenues are used as security for revenue bonds Series 2010, 2014, 2015A and 2015B)	4,055,749	4,396,851
Memorial Union (revenues are used as security for revenue bonds Series 2010)	2,827,052	3,631,691
Other operating revenues	569,564	545,594
Total Operating Revenues	49,771,798	47,362,035
Operating Expenses:		
Educational and general		
Instruction	41,237,342	39,679,846
Research	142,032	84,444
Public service	3,233,852	3,134,230
Academic support	15,196,536	15,354,648
Student services	14,212,841	12,660,193
Institutional support	7,941,467	6,452,329
Operation and maintenance of plant	9,104,826	8,916,157
Depreciation	10,997,712	11,410,681
Financial aid	2,043,233	2,213,549
Auxiliary enterprises		
Residential Living	1,285,196	1,100,718
Memorial Union	3,165,680	2,837,883
Self-funded insurance claims, net of premiums	6,570,221	7,023,998
Total Operating Expenses	115,130,938	110,868,676
Operating Loss	(65,359,140)	(63,506,641)

	For The Years Ended June 30, 2019	2018
Nonoperating Revenues (Expenses):		
State appropriations	$ 20,007,804	$ 18,605,346
Local appropriations	26,088,654	26,192,731
Federal grants and contracts	14,189,901	14,930,203
State and local grants and contracts	29,487	919,538
Nongovernmental grants and contracts	29,393	(11,392)
Gifts	10,840,468	5,081,534
Investment income	48,827	5,877,613
Interest on indebtedness	(1,747,998)	(1,590,060)
Other nonoperating expenses	(773,244)	(3,329,275)
Net Nonoperating Revenues	68,713,292	66,676,238
Income (Loss) Before Other Revenues	3,354,152	3,169,597
Capital Grants and Gifts	381,930	7,355,086
Additions to Permanent Endowments	302,937	336,201
Change in Net Position	4,039,019	10,860,884
Net Position - Beginning of Year	190,002,257	179,141,373
Change in accounting principle	(33,612,584)	—
Net Position - End of Year	$ 160,428,692	$ 190,002,257

STATEMENT OF ACTIVITIES - WASHBURN UNIVERSITY FOUNDATION
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Contributions	$ 2,438,141	$ 9,410,300	$ 11,848,441
Change in beneficial interest and other	—	575,269	575,269
Total support	2,438,141	9,985,569	12,423,710
Revenue:			
Investment return, net	516,174	5,374,674	5,890,848
Administration	1,149,321	—	1,149,321
Events	91,654	—	91,654
Other	264,965	85,410	350,375
Total revenue	2,022,114	5,460,084	7,482,198
Net assets released from restrictions	10,268,171	(10,268,171)	—
Total support and revenue	14,728,426	5,177,482	19,905,908
Expenses:			
Program services	9,772,235	—	9,772,235
Management and general	1,678,807	—	1,678,807
Fundraising	2,937,449	—	2,937,449
Total expenses	14,388,491	—	14,388,491
Excess of support and revenue over expenses	339,935	5,177,482	5,517,417
Other fund transfers, net	(41,784)	41,784	—
Change in net assets	298,151	5,219,266	5,517,417
Net assets - beginning of year	14,401,323	138,936,960	153,338,283
Net assets - end of year	$ 14,699,474	$ 144,156,226	$ 158,855,700

STATEMENT OF ACTIVITIES - WASHBURN LAW SCHOOL FOUNDATION
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	$ 238,413	$ 21,511	$ 259,924
Investment return, net	89,439	242,786	332,225
Nongift and other income	—	7,213	7,213
Net assets released from restriction	377,580	(377,580)	—
Total support and revenues (loss)	705,432	(106,070)	599,362
Expenses:			
Program services	178,279	—	178,279
Management and general	211,855	—	211,855
Total expenses	390,134	—	390,134
Change in net assets	315,298	(106,070)	209,228
Net assets - beginning of year	2,322,711	4,711,351	7,034,062
Net assets - end of year	$2,638,009	$4,605,281	$ 7,243,290

See the accompanying notes to financial statements.

STATEMENT OF ACTIVITIES – WASHBURN UNIVERSITY FOUNDATION
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Contributions	$ 2,201,844	$ 11,980,318	$ 14,182,162
Change in beneficial interest and other	—	506,455	506,455
Total support	2,201,844	12,486,773	14,688,617
Revenue:			
Investment return, net	600,594	5,237,498	5,838,092
Administration	1,131,606	—	1,131,606
Events	115,410	—	115,410
Other	263,308	33,246	296,554
Total revenue	2,110,918	5,270,744	7,381,662
Net assets released from restrictions	16,792,127	(16,792,127)	—
Total support and revenue	21,104,889	965,390	22,070,279
Expenses:			
Program services	16,168,803	—	16,168,803
Management and general	1,705,332	—	1,705,332
Fundraising	2,871,016	—	2,871,016
Total expenses	20,745,151	—	20,745,151
Excess of support and revenue over expenses	359,738	965,390	1,325,128
Other fund transfers, net	(94,260)	94,260	—
Change in net assets	265,478	1,059,650	1,325,128
Net assets - beginning of year	14,135,845	137,877,310	152,013,155
Net assets - end of year	$ 14,401,323	$ 138,936,960	$ 153,338,283

See the accompanying notes to financial statements.

WASHBURN UNIVERSITY OF TOPEKA

STATEMENT OF ACTIVITIES - WASHBURN LAW SCHOOL FOUNDATION
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	$ 109,983	$ 23,941	$ 133,924
Investment return, net	89,418	293,336	382,754
Nongift and other income	—	6,000	6,000
Net assets released from restriction	401,743	(401,743)	—
Total support and revenues (loss)	601,144	(78,466)	522,678
Expenses:			
Program services	212,797	—	212,797
Management and general	201,905	—	201,905
Total expenses	414,702	—	414,702
Change in net assets	186,442	(78,466)	107,976
Net assets - beginning of year	2,136,269	4,789,817	6,926,086
Net assets - end of year	$2,322,711	$4,711,351	$ 7,034,062

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF CASH FLOWS
Page 1 of 2

	For The Years Ended June 30, 2019	2018
Cash Flows from Operating Activities:		
Tuition and fees	$ 36,269,057	$ 36,690,992
Grants and contracts	44,314	61,851
Auxiliary enterprise charges		
Residential Living	4,048,510	4,410,881
Memorial Union	2,547,348	3,632,154
Sales and services of educational departments	2,382,535	1,567,045
Collection of loans issued to students	92,203	118,078
Other receipts	221,092	706,965
Self-insurance premiums	1,861,878	986,857
Payments to suppliers	(26,686,448)	(25,561,206)
Payments to employees	(67,550,448)	(65,123,185)
Payments for scholarships and fellowships	(2,043,233)	(2,213,549)
Loans issued to students	—	(17,468)
Payments for self-insurance claims and administrative fees	(8,432,099)	(8,010,854)
Net Cash Used in Operating Activities	(57,245,291)	(52,751,440)
Cash Flows from Investing Activities:		
Investment income	1,046,178	5,894,595
Proceeds from sales and maturities of investments	12,842,790	—
Purchase of investments	(21,722,534)	—
Net Cash Provided by (Used in) Investing Activities	(7,833,566)	5,894,595
Cash Flows from Noncapital Financing Activities:		
State appropriations	20,007,804	18,605,346
Local appropriations	26,163,502	26,900,574
Gifts and grants for other than capital purposes	25,409,810	14,808,710
Federal Family Education loan receipts	33,251,794	35,005,814
Federal Family Education loan disbursements	(33,309,332)	(34,389,384)
Other payments	(666,066)	(3,326,408)
Net Cash Provided by Noncapital Financing Activities	70,857,512	57,604,652
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt, net	10,009,295	—
Purchase of capital assets	(6,235,529)	(6,125,011)
Gifts and grants for capital purposes	381,930	4,441,181
Principal paid on capital lease	(680,211)	(666,194)
Principal paid on long-term debt	(3,223,603)	(2,652,556)
Interest paid on long-term debt	(1,685,047)	(1,519,886)
Net Cash Used in Capital and Related Financing Activities	(1,433,165)	(6,522,466)
Change in Cash and Cash Equivalents	4,345,490	4,225,341
Cash and Cash Equivalents - Beginning of Year	29,754,955	25,529,614
Cash and Cash Equivalents - End of Year	$ 34,100,445	$ 29,754,955

STATEMENTS OF CASH FLOWS

	For The Years Ended June 30, 2019	2018
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (65,359,140)	$ (63,506,641)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	10,997,712	11,410,681
Provision for uncollectible accounts receivable	785,231	627,024
Provision for uncollectible Perkins loans	6,150	—
Loss on disposal of fixed assets	5,218	127,810
Changes in assets and liabilities:		
Receivables, net	(2,353,364)	(994,547)
Postemployment benefits	(12,582)	(71,790)
Inventories	53,050	(99,266)
Other assets	(203,379)	47,181
Perkins loans receivable	92,203	100,610
Accounts payable	(747,760)	(370,222)
Unearned revenue	(636,920)	(52,434)
Compensated absences	128,290	30,154
Net Cash Used in Operating Activities	$ (57,245,291)	$ (52,751,440)
Noncash Investing and Financing Transactions		
Capital additions included in accounts payable	775,545	296,104

See the accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

The accounting policies of Washburn University of Topeka (the University) conform to U.S. generally accepted accounting principles applicable to public institutions engaged only in business-type activities, as adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The University is a municipal university governed by an appointed nine-member Board of Regents. The Board of Regents is comprised of the mayor of Topeka, three members appointed by the mayor, one member appointed by the Shawnee County Commission, three members appointed by the governor of Kansas, and one member appointed by the Kansas Board of Regents. The mayor of Topeka and the regent appointed by the Kansas Board of Regents serve as long as they are in their respective positions. All other regents are appointed for four-year terms.

Washburn Institute of Technology (Washburn Tech) is a technical school providing vocational and technical education to both high school students and post-secondary students. Students may participate in programs ranging from single courses to certificate programs to associate degree programs. The associate degree programs allow students to take general education courses from the University to complete the non-technical requirements of the degree.

Component Units

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, the University has identified three component units to be included in the accompanying financial statements. Because the University's Board of Regents is also the governing body of Washburn Tech, and because the University's management has operational responsibility for Washburn Tech, the financial statements present the University and Washburn Tech as a blended entity. The University's discretely presented component units are reported in separate basic financial statements to emphasize that they are legally separate from the University. References in these financial statements and notes to "the University" refer to the blended entity unless otherwise noted.

Discretely-Presented Component Units

The University's discretely-presented component units, Washburn University Foundation (the Foundation) and Washburn Law School Foundation (the Law Foundation), receive funds primarily through donations and contribute funds to the University to support various programs. The economic resources received or held by the Foundations are almost entirely for the direct benefit of the University. Further, the University is entitled to a majority of such economic resources, and such economic resources are significant to the University.

Washburn University Foundation is a Kansas not-for-profit organization created to assist in the promotion, development and enhancement of the financial resources for Washburn University of Topeka, as well as to receive and hold in trust any assets given for the benefit of the University. The Foundation manages primarily endowment or trust funds, the income from which is used for the benefit of the University. The Foundation is responsible for the fundraising activities of the University.

Washburn Law School Foundation is a Kansas not-for-profit organization created to promote, maintain, improve and support the School of Law of Washburn University of Topeka, as well as to provide scholarships to students attending the law school.

The financial statements of the Foundation and Law Foundation follow Financial Accounting Standards Board (FASB) standards. Certain FASB revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information included in the University's financial statements for these differences. Complete audited financial statements for these component units may be obtained at their administrative offices at 1729 SW MacVicar Avenue, Topeka, KS 66604.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred or a benefit has been received, regardless of the timing of related cash flows. All significant intra-University transactions have been eliminated.

The University distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions, such as payments received for providing goods and services and payments made for goods and services received. The University's primary operating revenues include student tuition and fees, sales and services of auxiliary enterprises, and sales and services of educational departments. Almost all of the University's expenses result from exchange transactions. Operating expenses include the costs of providing education and auxiliary services, administrative expenses, and depreciation on capital assets.

Certain significant revenues relied upon for operations, such as sales and property taxes (included in local appropriations), state appropriations, most grants and other contributions, do not result from exchange transactions, and are recorded as nonoperating revenues. The primary nonoperating expense is interest on indebtedness. Other significant nonoperating expenses are uncapitalized capital asset expenditures and bond issuance costs.

On an accrual basis, sales tax revenue is recognized at the time of the underlying transaction. Revenue from property taxes is recognized in the period which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, where the University must provide local resources to be used for a specified purpose; and expenditure requirements, where the resources are provided to the University on a reimbursement basis.

New Accounting Standards Adopted

During the fiscal year ended June 30, 2019, the University implemented GASB Statement No. 88: *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This new statement improves information that is disclosed in the notes related to debt, including direct borrowings and direct placements. Implementation of the new accounting standard is located in footnote 7.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The University elected to early implement this standard in fiscal year 2018.

Cash and Cash Equivalents

The University considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents which are restricted by external entities for capital expenditures, health insurance claims, or debt service are reported as restricted cash.

Accounts Receivable

Accounts receivable are recorded net of an allowance for estimated uncollectible amounts. Receivables are charged off against the allowance when deemed uncollectible. Recoveries of receivables previously charged off are recorded as revenue when received.

Inventories

Inventories are recorded at the lower of cost, using the first-in, first-out method, or market.

Investments

Investments, with the exception of certificates of deposit, are recorded at fair value based on quoted market prices and are Level 1 investments under the fair value hierarchy. Certificates of deposit are recorded at cost because they are not affected by market rate changes.

Bond Issuance Costs

Bond issuance costs are generally expensed when incurred, as they represent an outflow of resources.

Capital Assets

Capital assets include land, buildings, furniture, equipment, vehicles, books and collections, works of art, and construction in progress. Capital assets are defined as assets with an initial individual cost of more than $100,000 for buildings, improvements and infrastructure, and $5,000 for all other assets, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. When assets are sold, the gain or loss on the sale is recorded as nonoperating gains or losses.

The University's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Certain works of art and historical treasures, which are deemed to be inexhaustible, are assets whose economic lives are used up so slowly their useful lives are extraordinarily long and are not depreciated. The estimated useful lives are:

Buildings, improvements and infrastructure	3 - 60 years
Furniture, fixtures and equipment	3 - 25 years
Computers and electronic equipment	3 - 7 years
Books and collections	5 - 7 years
Broadcasting tower, antenna and equipment	5 - 40 years
Vehicles	3 - 15 years

Equipment purchased with grant proceeds, for which the granting agency has a reversionary interest, is capitalized. These assets must be used for the purpose set forth in the grant agreement between the University and the granting agency.

The University's works of art and historical treasures that meet the following criteria have not been capitalized and, therefore, are not recorded:

- The collection is held for public exhibition, education or research in furtherance of public service, rather than financial gain.
- The collection is kept protected, kept unencumbered, cared for and preserved.
- The collection is subject to an organizational policy that requires the proceeds from the sales of collection items to be used to acquire other items for the collection.

Unearned Revenue

Unearned revenue at June 30, 2019, consists of unearned student fees of $1,925,793 and deferred capital gifts of $2,291,580. Unearned revenue at June 30, 2018, consists of unearned student fees of $2,180,737 and deferred capital gifts of $2,673,510.

Compensated Absences

The University provides paid vacation and sick leave to employees on an annual basis. The provision for and accumulation of vacation and sick leave is based upon employment classification. Employees are paid for accumulated vacation leave when employment is terminated. Employees are not paid for accumulated sick leave upon termination.

Other Postemployment Benefits and Early Retirement

During the year ended June 30, 2016, the University offered an early retirement incentive to eligible employees. Benefits under this offer are accounted for in compliance with GASB Statement No. 47, *Accounting for Termination Benefits*. As of June 30, 2019 and 2018, other postemployment benefits totaling $0 and $12,582, respectively, were recognized as a current liability.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets

This represents the University's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted Net Position - Nonexpendable

This represents gifts that have been received for endowment purposes, the corpus of which cannot be expended.

Restricted Net Position - Expendable

This includes resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted first, and then unrestricted resources, as they are needed.

Unrestricted Net Position

This includes resources derived from student tuition and fees, state and local appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Board of Regents to meet current expenses for any purpose.

Property Taxes

The lien date for property taxes is January 1. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. Billing and collection is done by Shawnee County. Assessed values are established by the Shawnee County appraiser's office.

Tax Abatements

Tax abatement agreements entered into by Shawnee County have an immaterial impact on the University. There are no other tax abatements that impact the University.

Income Taxes

The University is a municipal entity and is not subject to income taxes. However, income from certain activities not directly related to the University's tax exempt purpose is subject to taxation as unrelated business income.

Fair Value Reporting

The University categorizes its fair value measurements applicable for reporting its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on the change in net position or total net position.

2. Budgetary Information

Kansas statutes require an annual operating budget be legally adopted for the general fund, certain restricted funds and debt service funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Cash and Investments

The University maintains a cash and investment pool that is available for use by all funds.

Cash

At June 30, 2019 and 2018, the University's cash and cash equivalents consisted of the following:

		2019		2018
Cash and cash equivalents	$	27,797,897	$	24,659,718
Restricted cash and cash equivalents		6,302,548		5,095,237
	$	34,100,445	$	29,754,955

Restricted cash and cash equivalents represents amounts which are restricted by statute or contractually for use in capital projects, for payment of self-funded health insurance claims, or for debt service.

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Kansas; bonds of any city, county, school district or special road district of the State of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2019 and 2018, the University's cash and cash equivalents were held in the following institutions:

		2019		2018
Deposits at financial institutions	$	12,734,532	$	11,338,434
Deposits in State of Kansas Municipal Investment Pool		21,365,913		18,416,521
	$	34,100,445	$	29,754,955

The University had no bank balances exposed to custodial credit risk at June 30, 2019 or 2018.

The University maintains deposits with the State of Kansas Municipal Investment Pool (KMIP) throughout the year. Deposits in the amount of $21,365,913 and $18,416,521, measured at net asset value, which approximates fair value, at June 30, 2019 and 2018, respectively, were held in the KMIP Overnight Municipal Investment Pool (OMIP). Deposits in the OMIP are invested nightly by the KMIP in a transaction similar to a repurchase agreement with a bank. The University does not have securities specifically listed in its name as part of its participation in the OMIP, and money can be withdrawn without penalty daily. The KMIP is included within the Kansas Pooled Money Investment Portfolio. The pool is managed and overseen by the Pooled Money Investment Board.

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements and in mutual funds. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2019 and 2018, the University had the following short-term investments (which have an original maturity date of one year or less):

	2019	**2018**
Money market funds	$ 501,151	$ —
US government issues	8,334,384	—
	$ 8,835,535	$ —

Endowment investments reported by the University at June 30, 2019 and 2018 consisted of the following:

	2019	**2018**
Preferred stocks, carried at fair value (cost of $0 for 2019 and 2018)	$ 150	$ 150
Mutual funds, carried at fair value (cost of $338,016 and $242,928 for 2019 and 2018, respectively)	340,372	310,018
	$ 340,522	$ 310,168

The University currently does not maintain a formal investment policy that addresses interest rate, concentration or credit risks. However, management believes the University has complied with the State of Kansas' statutes and regulations regarding investment activity.

Interest rate risk is the risk that the University's investments will decrease as a result of an increase in interest rates. The University's money market and mutual funds can be withdrawn without penalty, and the U.S. government issues mature in less than a year.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019, the University's investments classified as government issues that are not explicitly guaranteed by the federal government were rated "AA+" by Standard & Poor's. At June 30, 2019, the University had money market funds that were rated "AAm" by Standard & Poor's.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The University has 23% of its investments in Federal Home Loan Bank securities and 38% in Federal Home Loan Mortgage Corporation securities.

Custodial credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University's investments in money markets and U.S. government issues were held in a trust in the University's name at June 30, 2019. The University had no investments exposed to custodial credit risk at June 30, 2018.

The University categorized its fair value measurements applicable for reporting its investments within the fair value hierarchy. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The University has one investment that is leveled. The University's U.S. government issues are valued using quoted market prices (Level 1 inputs).

4. Receivable from Washburn University Foundation

Receivables from the Foundation consist of the University's participation in the investments managed by the Foundation. As the University does not have title to these investments and their participation is not evidenced by a security agreement that can be exchanged or sold in an open market, its share of the Foundation's investments is recorded as a receivable from the Foundation. Receivables from the Foundation consisted of the following items held by the Foundation as of June 30, 2019 and 2018:

	2019	2018
Contributions for scholarships and other activities	$ 1,483,910	$ 1,467,741
Held pledges receivable	5,558	10,247
Restricted endowment income	1,653,006	1,487,783
Unreimbursed costs due to the University - Current	10,922,711	9,458,347
University endowment funds managed by the Foundation (see activity below)	29,086,960	29,838,379
	$ 43,152,145	$ 42,262,497

Receivables from the Foundation are presented in the statements of net position as follows:

	2019	2018
Current receivable from Washburn University Foundation	$ 10,922,711	$ 9,458,347
Noncurrent receivable from Washburn University Foundation	32,229,434	32,804,150
	$ 43,152,145	$ 42,262,497

The University has transferred to the Washburn University Foundation certain assets of the endowment fund for management purposes only, under terms of an agreement executed by the University and the Foundation. The activity of these assets at June 30, 2019 and 2018 and for the years then ended is as follows:

	2019	2018
Beginning principal transferred	$ 23,364,866	$ 23,364,866
Post-transfer additions	5,315,529	5,048,777
Earnings added to corpus	155,087	159,511
Gifts received	104,455	336,201
End of year, at cost	28,939,938	28,909,355
Cumulative net unrealized gains	147,023	929,024
End of year, at fair value	$ 29,086,960	$ 29,838,379

5. Interest in the Net Assets of Washburn University Foundation

Effective July 1, 2018, the University elected to change its method of accounting for the University's Interest in the Net Assets of the Foundation. Prior to the election, the University presented its interest in the net assets of the Foundation as a separate account on its Statement of Net Position. The new method of accounting was adopted to conform the University's presentation to that of its peers and to reflect that the financial statements of the University include the discrete presentation of the Foundation's financial position. In accordance with GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the prior period financial statements have not been restated and the University made an adjustment to reduce opening net position on July 1, 2018 by $33,612,584. If the University had not elected this change in accounting principle, the change in net position for the year ended June 30, 2019 would be higher by approximately $1,310,000.

6. Capital Assets

The following is a summary of capital assets for the years ended June 30, 2019 and 2018:

	2019				
	Balance - July 1, 2018	Additions	Retirements	Construction In Progress Placed In Service	Balance - June 30, 2019
Capital assets, not being depreciated:					
Land	$ 1,444,104	$ -	$ -	$ -	$ 1,444,104
Works of art and historical treasures	3,811,154	-	-	-	3,811,154
Construction in progress	1,780,226	3,179,028	-	(1,976,598)	2,982,656
Total capital assets, not being depreciated	7,035,484	3,179,028	-	(1,976,598)	8,237,914
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	202,314,878	2,462,082	-	-	204,776,960
Furniture, fixtures and equipment	33,323,857	780,624	(53,236)	-	34,051,245
Computers and electronic equipment	20,276,788	714,174	(461,144)	-	20,529,818
Books and collections	21,259,297	107,386	-	-	21,366,683
Broadcasting tower, antenna and equipment	8,040,721	73,331	-	-	8,114,052
Vehicles	1,973,218	428,166	(7,500)	-	2,393,884
Total capital assets, being depreciated	287,188,759	4,565,763	(521,880)	-	291,232,642
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(93,911,666)	(7,478,551)	-	-	(101,390,217)
Furniture, fixtures and equipment	(24,253,055)	(2,115,672)	48,018	-	(26,320,709)
Computers and electronic equipment	(18,229,760)	(910,768)	461,144	-	(18,679,384)
Books and collections	(20,665,136)	(228,257)	-	-	(20,893,393)
Broadcasting tower, antenna and equipment	(6,921,941)	(101,708)	-	-	(7,023,649)
Vehicles	(1,223,379)	(162,756)	7,500	-	(1,378,635)
Total accumulated depreciation	(165,204,937)	(10,997,712)	516,662	-	(175,685,987)
Total capital assets being depreciated, net	121,983,822	(6,431,949)	(5,218)	-	115,546,655
Total capital assets	$ 129,019,306	$ (3,252,921)	$ (5,218)	$(1,976,598)	$123,784,569

	2018				
	Balance - July 1, 2017	**Additions**	**Retirements**	**Construction In Progress Placed In Service**	**Balance - June 30, 2018**
Capital assets, not being depreciated:					
Land	$ 1,444,104	$ -	$ -	$ -	$ 1,444,104
Works of art and historical treasures	2,689,354	1,121,800	-	-	3,811,154
Construction in progress	3,616,536	3,137,373	-	(4,973,683)	1,780,226
Total capital assets, not being depreciated	7,749,994	4,259,173	-	(4,973,683)	7,035,484
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	197,548,410	4,766,468	-	-	202,314,878
Furniture, fixtures and equipment	32,551,795	1,037,446	(265,384)	-	33,323,857
Computers and electronic equipment	19,159,716	1,195,829	(78,757)	-	20,276,788
Books and collections	21,172,253	87,045	-	-	21,259,298
Broadcasting tower, antenna and equipment	8,035,588	5,133	-	-	8,040,721
Vehicles	1,965,404	43,703	(35,888)	-	1,973,219
Total capital assets, being depreciated	280,433,166	7,135,624	(380,029)	-	287,188,761
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(86,103,395)	(7,808,271)	-	-	(93,911,666)
Furniture, fixtures and equipment	(22,213,571)	(2,177,057)	137,574	-	(24,253,054)
Computers and electronic equipment	(17,411,527)	(896,990)	78,757	-	(18,229,760)
Books and collections	(20,397,089)	(268,048)	-	-	(20,665,137)
Broadcasting tower, antenna and equipment	(6,818,493)	(103,448)	-	-	(6,921,941)
Vehicles	(1,102,402)	(156,866)	35,888	-	(1,223,380)
Total accumulated depreciation	(154,046,477)	(11,410,680)	252,219	-	(165,204,938)
Total capital assets being depreciated, net	126,386,689	(4,275,056)	(127,810)	-	121,983,823
Total capital assets	$134,136,683	$ (15,883)	$(127,810)	$ (4,973,683)	$129,019,307

The University had approximately $22,006,000 and $4,468,000 at June 30, 2019 and 2018, respectively, in commitments for building construction and other contracts.

7. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the years ended June 30, 2019 and 2018:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
Bonds, capital leases and loans:						
Building revenue bonds	$ 37,510,000	$10,155,000	$ 3,190,000	$ 44,475,000	$ 2,700,000	$ 41,775,000
Capital lease	7,031,304	-	634,576	6,396,728	648,912	5,747,816
Loans payable	45,635	-	45,635	-	-	-
Total bonds, capital leases, and loans	44,586,939	10,155,000	3,870,211	50,871,728	3,348,912	47,522,816
Other noncurrent liabilities:						
Unamortized bond premium	852,311	48,232	81,835	818,708	-	818,708
Compensated absences	1,744,007	128,290	-	1,872,297	1,520,020	352,277
Postemployment benefits	12,582	-	12,582	-	-	-
Unearned revenue	4,854,247	1,925,793	2,562,667	4,217,373	2,307,723	1,909,650
Total other noncurrent liabilities	7,463,147	2,102,315	2,657,084	6,908,378	3,827,743	3,080,635
Total noncurrent liabilities	$ 52,050,086	$12,257,315	$ 6,527,295	$ 57,780,106	$ 7,176,655	$ 50,603,450

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion	Noncurrent Portion
Bonds, capital leases and loans:						
Building revenue bonds	$ 40,080,000	$ -	$ 2,570,000	$ 37,510,000	$ 2,730,000	$ 34,780,000
Capital lease	7,651,863	-	620,559	7,031,304	634,576	6,396,728
Loans payable	91,270	-	45,635	45,635	45,635	-
Total bonds, capital leases and loans	47,823,133	-	3,236,194	44,586,939	3,410,211	41,176,728
Other noncurrent liabilities:						
Unamortized bond premium	934,867	-	82,556	852,311	-	852,311
Compensated absences	1,713,853	30,154	-	1,744,007	1,447,606	296,401
Postemployment benefits	84,372	-	71,790	12,582	12,582	-
Unearned revenue	4,906,681	2,388,244	2,440,678	4,854,247	2,562,667	2,291,580
Total other noncurrent liabilities	7,639,773	2,418,398	2,595,024	7,463,147	4,022,855	3,440,292
Total noncurrent liabilities	$ 55,462,906	$ 2,418,398	$ 5,831,218	$ 52,050,086	$ 7,433,066	$ 44,617,020

Building Revenue Bonds

Revenue Bonds – Series 2018

On October 17, 2018, the University issued $10,155,000 in Revenue Bonds, Series 2018 (“2018 Series”), with interest rates of 3.00% to 4.00%. The 2018 Series bonds are due in annual principal payments ranging from $370,000 to $680,000, and mature between July 1, 2019 and July 1, 2038. Interest payments begin on July 1, 2019 and are payable semi-annually.

The 2018 Series bonds maturing in the years 2026 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2027.

Revenue Bonds – Series 2015A

On June 25, 2015, the University issued $20,105,000 in Revenue Bonds, Series 2015A (the "2015A Series"), with interest rates of 3.00% to 5.00%. The remaining outstanding 2015A Series bonds are due in annual principal payments ranging from $305,000 to $1,340,000, and mature between July 1, 2019 and July 1, 2041. Interest is payable semi-annually.

The 2015A Series bonds maturing in the years 2026 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2025.

Revenue Bonds – Series 2015B – Private Placement

On June 25, 2015, the University issued $7,070,000 in Revenue Bonds, Series 2015B (the "2015B Series"), with a fixed interest rate of 2.1515% through June 30, 2025. The ending principal balance of the 2015B Series was $6,460,000 and $6,135,000 at June 30, 2018 and 2019, respectively. Principal payments were $320,000 and $325,000 during the years ended June 30, 2018 and 2019, respectively. The remaining outstanding 2015B Series bonds are due in annual principal payments ranging from $320,000 to $360,000 and mature between July 1, 2019 and July 1, 2025.

The University may prepay the 2015B Series at any time, subject under certain circumstances to a prepayment penalty not to exceed 2%, declining over time to 0% on and after July 1, 2024.

The interest rate will reset for an additional term to be negotiated on July 1, 2025. The reset rate will equal the sum of (a) 65% of the applicable term Constant Maturity Treasury rate, and (b) 1.00%. The remaining principal balance of $4,080,000 as of that date will be paid in annual installments ranging from $370,000 to $450,000, with a final maturity date of July 1, 2035.

Refunding Revenue Bonds - Series 2014

On June 30, 2014, the University issued $9,655,000 in Refunding Revenue Bonds (the "2014 Series"), with interest rates of 2.00% to 4.00%, to currently refund $9,935,000 of Series 2004 bonds (the "2004 Series"). The 2004 Series was called for redemption and payment on July 1, 2014. Annual principal payments on the 2014 Series range from $435,000 to $965,000.

The current refunding of the 2004 Series bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $534,130, which is being amortized over the remaining life of the original bonds (through July 1, 2029). Amortization of this refunding cost (i.e. deferred outflows of resources) during the years ended June 30, 2019 and 2018 was $48,250 and $52,797, respectively.

Refunding Revenue Bonds - Series 2010

The remaining outstanding 2010 Series bonds consist of serial bonds due in annual principal payments ranging from $495,000 to $1,255,000 and mature between July 1, 2019 and July 1, 2023. The 2010 Series bonds bear interest at rates ranging from 3.20% to 3.70% payable semi-annually.

The 2010 Series bonds maturing in the years 2021 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2020.

Capital Lease

On June 28, 2013, the University entered into a capital lease agreement to fund equipment purchases relating to a campus-wide energy efficiency project. The lease has an original amount of $10,000,000 with a net interest cost of 2.236%. The lease term is 15 years, with annual principal and interest payments of $793,418 due each year on June 28. Prior to the end of the term, the University may terminate the lease at any time by making a payment equal to 103% of the then-outstanding principal balance.

Equipment capitalized under this lease agreement totaled $12,661,501. The related accumulated depreciation totaled $2,856,100 and $2,305,785 at June 30, 2019 and 2018, respectively.

Loans

Digital Television Equipment

During fiscal year 2009, the University received a loan from the state of Kansas for $456,348 to purchase digital television equipment and to provide matching funds for grants used for that purpose.

This loan was payable over 10 years, with payments due each July 31, beginning in 2009. The note's interest rate was variable, based on the highest rate at which state funds could be invested for one year and resetting on February 1 of each year. At June 30, 2018, the interest rate was 1.92%, and the balance of the loan was $45,635. The balance of the loan at June 30, 2019 was $0, after the final payment was made in July 2018.

The annual requirements to repay all bonds (excluding the 2015B Series, which were privately placed) and capital leases outstanding at June 30, 2019, including interest payments, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2020	3,023,912	1,617,179	4,641,091
2021	3,188,572	1,522,591	4,711,163
2022	3,373,562	1,416,000	4,789,562
2023	2,728,891	1,296,591	4,025,482
2024	2,294,567	1,205,900	3,500,467
2025-2029	11,882,224	4,861,968	16,744,192
2030-2034	7,315,000	3,181,542	10,496,542
2035-2039	8,305,000	1,486,287	9,791,287
2040-2041	2,625,000	158,600	2,783,600
	$ 44,736,728	$ 16,746,658	$ 61,483,386

The annual requirements to repay the privately placed 2015B Series outstanding at June 30, 2019, including interest payments, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2020	325,000	131,995	456,995
2021	330,000	125,002	455,002
2022	340,000	117,902	457,902
2023	345,000	110,587	455,587
2024	355,000	103,164	458,164
2025-2029	1,890,000	398,135	2,288,135
2030-2034	2,100,000	186,105	2,286,105
2035-2039	450,000	9,682	459,682
	$ 6,135,000	$ 1,182,572	$ 7,317,572

8. Pension Plan

The University provides retirement benefits for substantially all employees through individual annuities with TIAA-CREF (the Plan). Retirement benefits equal the amount accumulated to each employee's credit at the date of retirement. The costs of the Plan are shared by the University and the employee. The University contributes 10% of an employee's salary once the employee has one year of service at the University or any other institution that previously offered a TIAA-CREF plan. The employee's contribution into the Plan is at the discretion of the employee. Certain employees are required to contribute a fixed percentage to the Plan; the percentage is dependent on the employee's annual salary. The Plan cost to the University for the years ended June 30, 2019 and 2018 was approximately $4,659,000 and $4,552,000, respectively.

9. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Self-Funded Insurance

The University has established a fund for health insurance. The health insurance program began in October 2002 for all University employees. The health insurance fund is funded with contributions made during each payroll period from the University, its employees, and retirees. The rates are based on past historical costs for individual and family coverage and expected future claims. The plan is administered by a third party, which accumulates claims. During 2019 and 2018, the maximum amount the University was responsible for was a $100,000 stop loss limit per individual. Any expenses incurred above the maximum were reimbursed by the insurance company. The claims liability reported at June 30, 2019 and 2018 is based on the requirements of GASB Statement No 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The cash balance in the health insurance fund as of June 30, 2019 and 2018 was approximately $5,846,000 and $4,169,000, respectively.

The changes in health care claims payable for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Claims payable - beginning of year	$ 432,947	$ 400,805
Incurred claims	6,563,173	6,744,745
Claim payments	(6,574,727)	(6,712,603)
Claims payable - end of year	$ 421,393	$ 432,947

Claims payable is included in accounts payable and accrued liabilities on the statements of net position.

10. Litigation and Contingencies

The University is a party to litigation matters and claims which are normal in the course of its operations. While the results of litigation and claims cannot be predicted with certainty, based on advice of counsel and considering insurance coverage, management believes the final outcome of such matters will not have a material adverse effect on the University's financial position.

Perkins Loan Program

The University participates in the Federal Perkins Loan Program, under which loans are provided to eligible students and repayments are made directly to the University to provide funding for future eligible participants in the program. Effective October 1, 2015, the Department of Education (ED) stipulated that new loans may not be disbursed under the program; however, the Perkins Loan Extension Act of 2015 was passed in December 2015 extending the date for which Perkins Loans may be disbursed to September 30, 2017. Therefore, effective October 1, 2017, new loans may not be awarded under the program and will ultimately result in the closure of the program. If students receive a disbursement of a Perkins Loan after June 30, 2017 and before October 1, 2017 for the 2017 - 2018 award year, the student may receive any subsequent disbursements of that Perkins Loan. Pursuant to GASB accounting standards, the University has recorded previous contributions from the federal government for the program as revenue (and related restricted net position) in the period that the funds were received. The closure of this program will result in the University recording an expense when returning previous federal contributions received under this program to the ED.

As a part of the program, each year a Distribution of Assets calculation is made by the ED to calculate any required amounts to be returned to the ED. Going forward, each year the ED will request the University to return the ED's interest in the cash restricted for the Perkins Loan program held by the University at each June 30th. The request by the ED will be made subsequent to the submission of the FISAP, which is due by October 1st of each year following the most recent June 30th date. The University's cash restricted for the Perkins Loan Program for which all or a portion could be required to be returned in the 2019-2020 fiscal year totaled approximately $156,000 at June 30, 2019, and will change in future years based upon the activity of the program. Amounts expected to be returned in the fiscal year ending June 30, 2020 have not been accrued at June 30, 2019 and will be recognized in expense in the year ended June 30, 2020 when funds are returned.

11. Condensed Combined Statements

Condensed combined statements for the University and its blended component unit, Washburn Tech, are presented on the following pages for the years ended June 30, 2019 and 2018.

Condensed Combined Statements of Net Position
June 30, 2019

	Washburn University	Washburn Tech	Eliminations	Combined
Assets:				
Current assets	$ 55,647,534	$ 5,648,033	$ -	$ 61,295,567
Noncurrent assets	155,516,122	7,807,337	-	163,323,459
Total Assets	211,163,656	13,455,370	-	224,619,026
Deferred Outflows of Resources	309,322	-	-	309,322
Liabilities:				
Current liabilities	13,055,983	840,222	-	13,896,205
Noncurrent liabilities	50,467,185	136,266	-	50,603,451
Total Liabilities	63,523,168	976,488	-	64,499,656
Net Position:				
Net investment in capital assets	73,885,512	7,084,139	-	80,969,651
Restricted - nonexpendable	29,133,665	-	-	29,133,665
Restricted - expendable	11,859,910	538,029	-	12,397,939
Unrestricted	33,070,723	4,856,714	-	37,927,437
Total Net Position	$ 147,949,810	$ 12,478,882	$ -	$ 160,428,692

Condensed Combined Statements of Net Position
June 30, 2018

	Washburn University	Washburn Tech	Eliminations	Combined
Assets:				
Current assets	$ 43,619,298	$ 3,951,985	$ -	$ 47,571,283
Noncurrent assets	193,343,285	8,268,847	-	201,612,132
Total Assets	236,962,583	12,220,832	-	249,183,415
Deferred Outflows of Resources	372,273	-	-	372,273
Liabilities:				
Current liabilities	14,101,504	834,907	-	14,936,411
Noncurrent liabilities	44,463,214	153,806	-	44,617,020
Total Liabilities	58,564,718	988,713	-	59,553,431
Net Position:				
Net investment in capital assets	76,188,615	7,763,715	-	83,952,330
Restricted - nonexpendable	30,148,547	-	-	30,148,547
Restricted - expendable	43,078,335	-	-	43,078,335
Unrestricted	29,354,641	3,468,404	-	32,823,045
Total Net Position	$ 178,770,138	$ 11,232,119	$ -	$ 190,002,257

Condensed Combined Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	University	Washburn Tech	Eliminations	Combined
Operating Revenues:				
Tuition and fees	$ 36,222,446	$ 3,678,702	$ -	$ 39,901,148
Auxiliary enterprises	6,882,801	-	-	6,882,801
Other operating revenues	2,692,554	295,295	-	2,987,849
Total Operating Revenues	45,797,801	3,973,997	-	49,771,798
Operating Expenses:				
Education and general	80,218,720	11,918,101	(1,067,925)	91,068,896
Depreciation	9,652,456	1,345,256	-	10,997,712
Financial aid	1,710,544	332,689	-	2,043,233
Auxiliary enterprises	4,450,876	-	-	4,450,876
Self-insurance claims, net of premiums	5,502,296	-	1,067,925	6,570,221
Total Operating Expenses	101,534,892	13,596,046	-	115,130,938
Operating Loss	(55,737,091)	(9,622,049)	-	(65,359,140)
Nonoperating Revenues (Expenses):				
State and local appropriations	38,356,511	7,739,947	-	46,096,458
Grants and contracts	11,906,305	2,342,476	-	14,248,781
Gifts	10,407,553	432,915	-	10,840,468
Investment income	(48,776)	97,603	-	48,827
Interest on indebtedness	(1,745,127)	(2,871)	-	(1,747,998)
Other nonoperating expenses	(1,257,636)	484,392	-	(773,244)
Net Nonoperating Revenues	57,618,830	11,094,462	-	68,713,292
Income (Loss) Before Other Revenues	1,881,739	1,472,413	-	3,354,152
Capital Grant and Gifts	381,930	-	-	381,930
Additions to permanent endowments	302,937	-	-	302,937
Change in Net Position	2,566,606	1,472,413	-	4,039,019
Net Position - Beginning of Year	178,770,138	11,232,119		190,002,257
Change in Accounting Principle	(33,386,934)	(225,650)	-	(33,612,584)
Net Position - End of Year	$ 147,949,810	$ 12,478,882	$ -	$ 160,428,692

Condensed Combined Statements of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2018

	University	Washburn Tech	Eliminations	Combined
Operating Revenues:				
Tuition and fees	$ 33,999,851	$ 3,159,152	$ -	$ 37,159,003
Auxiliary enterprises	8,028,542	-	-	8,028,542
Other operating revenues	1,812,063	362,427	-	2,174,490
Total Operating Revenues	43,840,456	3,521,579	-	47,362,035
Operating Expenses:				
Education and general	74,895,138	11,524,301	(986,857)	85,432,582
Depreciation	10,006,490	1,404,191	-	11,410,681
Financial aid	1,787,023	426,526	-	2,213,549
Auxiliary enterprises	4,787,866	-	-	4,787,866
Self-insurance claims, net of premiums	6,037,141	-	986,857	7,023,998
Total Operating Expenses	97,513,658	13,355,018	-	110,868,676
Operating Loss	(53,673,202)	(9,833,439)	-	(63,506,641)
Nonoperating Revenues (Expenses):				
State and local appropriations	37,658,702	7,139,375	-	44,798,077
Grants and contracts	12,827,973	3,010,376	-	15,838,349
Gifts	4,905,979	175,555	-	5,081,534
Investment income	5,843,381	34,232	-	5,877,613
Interest on indebtedness	(1,586,936)	(3,124)	-	(1,590,060)
Other nonoperating expenses	(3,299,163)	(30,112)	-	(3,329,275)
Net Nonoperating Revenues	56,349,936	10,326,302	-	66,676,238
Income (Loss) Before Other Revenues	2,676,734	492,863	-	3,169,597
Capital Grant and Gifts	7,088,503	266,583	-	7,355,086
Additions to permanent endowments	336,201	-	-	336,201
Change in Net Position	10,101,438	759,446	-	10,860,884
Net Position - Beginning of Year	168,668,700	10,472,673	-	179,141,373
Net Position - End of Year	$ 178,770,138	$ 11,232,119	$ -	$ 190,002,257

12. Subsequent Events

On July 19, 2019, the University entered into a capital lease agreement to fund computer equipment purchases. This will place the University on a five-year replacement/refresh cycle and keep desktop and laptop systems current, operational and consistent across campus. The original amount of the four-year lease is $1,292,460 with an interest rate of 2.60%. Annual principal and interest payments of $271,929 are due July 19 each year, beginning in 2019 and ending in 2023. Title to the equipment is held by the University.

13. Washburn University Foundation - Accounting Policies and Disclosures

Basis of Accounting and Presentation

The Foundation uses the accrual method of accounting.

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Assets without donor restrictions represent amounts available for support of the operations of the Foundation, and that are not subject to donor stipulation.

Assets with donor restrictions are subject to donor and/or time restrictions. These funds require either that the principal be invested in perpetuity and the income only be used by the Foundation or are restricted by the donor's intent as to usage.

Fair Value Measurement

Assets recorded at fair value on the statement of financial position are categorized based upon the level of observability associated with the inputs used to measure their fair value. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The availability of observable inputs is affected by a variety of factors, including the type of asset and the transparency of market transactions. To the extent that fair value is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2 – Inputs are other than quoted prices in active markets that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants used to make valuation decisions, including assumptions about risk. Inputs may include market price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The classification of a financial asset within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a fund within the hierarchy is based upon the pricing transparency of that fund and does not necessarily correspond to management’s perceived risk of that fund.

The fair value of the securities included in Level 1 include equity securities that are traded on an active exchange and are valued at the quoted market prices based on the last sale price on the measurement date. The fair value of the securities included in Level 2 include U.S. government obligations that are valued using pricing models maximizing the use of observable inputs for similar securities, as provided by the broker.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended June 30, 2019 and 2018, there were no significant transfers in or out of Levels 1, 2 or 3.

Investments

Investments in equity securities with readily determinable values are reported at fair value. Investments in various hedge funds, commingled accounts, and limited partnerships are recorded at the net asset value (NAV) per share, as a practical expedient to fair value, of the investments. Private placements are presented at cost.

The Foundation has a policy of pooling assets for investment purposes, unless donor restrictions prohibit such pooling. Income received from pooled assets of the Foundation’s endowment fund is allocated to various funds calculated on the market value of the entire pool. A portion of the investment return is allocated to the funds in accordance with the Foundation’s spending policy.

Investment securities are exposed to various risks such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

All investment income and realized and unrealized gains and losses are reported on the statement of activities and classified as without donor restrictions unless restricted by the donor or applicable law.

Pledges Receivable – Promises to Give

Unconditional promises to give that are expected to be received within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of the estimated future cash flows. The discounts on those amounts are determined using risk-free rates applicable to the years in which the promises are received, adjusted for a risk premium rate if necessary.

Conditional promises to give are not recorded until such time as the conditions are substantially met.

Accounting Pronouncement Adopted

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the type of information provided about expenses and investment return. ASU 2016-14 is effective for periods beginning after December 15, 2017. The Foundation has adopted ASU 2016-14 for all periods presented in these financial statements resulting in the following retroactive reclassifications to the 2018 net assets:

	Before Adoption of ASU 2016-14 Total	Reclassification	After Adoption of ASU 2016-14 Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2017:					
Unrestricted	$ 7,739,028	$ 6,396,817	$ 14,135,845	$ -	$ 14,135,845
Temporarily restricted	63,898,417	(6,396,817)		57,501,600	57,501,600
Permanently restricted	80,375,710			80,375,710	80,375,710
	152,013,155	-	14,135,845	137,877,310	152,013,155
2018 change in net assets:					
Unrestricted	(426,220)	691,697	265,477		265,477
Temporarily restricted	(2,894,594)	(691,697)		(3,586,291)	(3,586,291)
Permanently restricted	4,645,942			4,645,942	4,645,942
	1,325,128	-	265,477	1,059,651	1,325,128
Balance at June 30, 2018:					
Unrestricted	7,312,808	7,088,514	14,401,322		14,401,322
Temporarily restricted	61,003,823	(7,088,514)		53,915,309	53,915,309
Permanently restricted	85,021,652			85,021,652	85,021,652
	$153,338,283	$ -	$ 14,401,322	$138,936,961	$153,338,283

Pledges Receivable

The Foundation estimates pledges receivable will be collected as follows:

	2019	2018
Receivable in less than one year	$ 2,552,754	$ 4,358,000
Receivable in one to five years	5,262,621	5,673,631
Thereafter	8,400,832	9,058,855
	16,216,207	19,090,486
Less allowance for uncollectible pledges	146,627	178,768
Less unamortized discount	3,835,110	4,390,980
Pledges receivable, end of year	$ 12,234,470	$ 14,520,738

Pledges receivable are discounted at 2.8% and 3.4% in 2019 and 2018, except for one long-term pledge (19 years) in the amount of approximately $4,300,000, which is discounted at a rate of 3.9%.

The Foundation considers pledges receivable to be classified as Level 3 within the fair value hierarchy. The following table provides a summary of changes in the fair value of the Foundation's pledges receivable.

	2019	2018
Pledges receivable, beginning	$ 14,520,738	$ 12,680,507
New pledges	3,074,445	7,570,564
Pledge payments received	(4,776,573)	(5,194,164)
Pledges written off	(124,724)	(117,865)
Transfers to bequest receivable	(994,000)	-
Reclassifications and change in discount	534,584	(418,304)
Pledges receivable, ending	$ 12,234,470	$ 14,520,738

The Foundation has been notified of additional intentions to give that are expected to be collected in future periods, principally through wills and revocable trusts. As such, these intentions to give are considered conditional and have not been recorded in the financial statements.

The Foundation is the residual beneficiary of an estate gift from the trust of an individual donor with a current value of approximately $5,300,000 (unaudited). This deferred gift has not been included in the accompanying financial statements in accordance with current accounting guidance.

Investments

Investments are reflected in the financial statements at fair value or cost in accordance with applicable accounting standards. Investments are as follows at June 30:

	2019			
	Total	Level 1	Level 2	Level 3
Investments carried at fair value:				
U.S. equity	$ 6,995,529	$ 6,995,529	$ —	$ —
International equity	6,039,482	6,039,482	—	—
Fixed income	4,927,719	—	4,927,719	—
Life insurance policies	1,433,957	—	1,433,957	—
Other	220,300	—	—	220,300
Total	19,616,987	$ 13,035,011	$ 6,361,676	$ 220,300
Investments at Net Asset Value (NAV)	129,066,255			
Total investments carried at fair value	148,683,242			
Private equity investments	18,288,325			
Private real estate investments	5,168,375			
Total at cost	23,456,700			
Total investments	$ 172,139,942			

	2018			
	Total	Level 1	Level 2	Level 3
Investments carried at fair value:				
U.S. equity	$ 5,887,744	$ 5,887,744	$ —	$ —
International equity	6,891,542	6,891,542	—	—
Fixed income	4,717,705	—	4,717,705	—
Life insurance policies	1,378,471	—	1,378,471	—
Other	236,141	—	—	236,141
Total	19,111,603	$ 12,779,286	$ 6,096,176	$ 236,141
Investments at Net Asset Value (NAV)	136,066,565			
Total investments carried at fair value	155,178,168			
Private equity investments	13,792,734			
Private real estate investments	5,489,369			
Total at cost	19,282,103			
Total investments	$ 174,460,271			

The following table provides a summary of changes in the fair value of the Foundation's Level 3 investments:

	2019	2018
Beginning fair value	$ 236,141	$ 341,770
Sales	(16,000)	(18,050)
Net change in value	159	(87,579)
Ending fair value	$ 220,300	$ 236,141

Investments at NAV

Investments that are measured using the NAV practical expedient, by type, are outlined in the table below.

Description	Fair Value June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
U.S. equity (a)	$ 32,899,774	None	Monthly	15-62 days
International equity (b)	25,367,495	None	Semi-monthly, monthly, quarterly	9-45 days
Global equity (c)	6,821,512	None	Monthly	6 days
Alternatives (d)	35,184,217	None	Semi-monthly, monthly, quarterly, annually, 24 months	2-95 days
Public real estate (e)	9,664,107	None	Monthly	15-30 days
Fixed income (f)	19,129,150	None	Daily	2 days
	$ 129,066,255			

Description	Fair Value June 30, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
U.S. equity (a)	$ 29,777,487	None	Monthly	1-62 days
International equity (b)	32,841,713	None	Semi-monthly, monthly, quarterly	1-45 days
Global equity (c)	8,909,168	None	Monthly	6 days
Alternatives (d)	34,524,024	None	Semi-monthly, monthly, quarterly, annually, 24 months	2-95 days
Public real estate (e)	10,219,460	None	Monthly	16-30 days
Fixed income (f)	19,794,713	None	Daily	2 days
	$ 136,066,565			

(a) This category includes investments in an offshore fund, limited partnership, 3c7, and a commingled account with strategies including U.S. Small Company Value, Opportunistic, and 130/30.

(b) This category includes investments in an offshore fund, commingled accounts, and limited partnerships with strategies including Global ex U.S. Diverse, Global ex U.S. Growth, Asian Pacific ex Japan, and Global ex U.S. Small Company Equity.

(c) This category includes an investment in a commingled account with a Global Value strategy.

(d) This category includes investments in offshore funds and 3c7's with strategies including Long/Short Equity Fund of Funds; Multi-Strategy, Event Driven; Multi-Strategy, Fixed Income Arbitrage; Multi-Strategy, Credit; Global Macro, CTA; and Multi-Strategy. Certain funds may have the ability to impose suspension or postponement of redemptions until further notice (a Gate). In addition, certain funds may delay payment of a portion of redemption proceeds (a Holdback) until the annual audited financial statements are distributed.

(e) This category includes investments in a commingled account and a limited partnership with strategies including Global REIT and MLP-Energy.

(f) This category includes a commingled account with an Intermediate-Term Fixed Income Strategy.

Private Placement Investments

The following shows the gross unrealized losses and fair value of the Foundation's private placement investments with unrealized losses, aggregated by investment category and length of time that individual investments have been in a continuous unrealized loss position at June 30, 2019:

	1 - 11 Years	
	Fair Value	Unrealized Losses
Private equity	$ 3,357,613	$ (2,667,120)
Venture capital	1,202,822	(688,105)
Natural resources	5,181,740	(599,953)

The Foundation also has private placement investments with gross unrealized gains of approximately $1,400,000 and fair value of approximately $11,100,000.

Fair value financial information is provided by the private placement investees. Because of the inherent uncertainty of valuation of these private placement investments, the estimated fair values disclosed above may differ significantly from values that will eventually be realized upon an actual liquidation.

The Foundation has unfunded commitments on private placement investment funds of approximately $19,000,000 at June 30, 2019.

These private placement investments do not provide for withdrawals or redemptions at the initiative of the partners; rather, distributions will be paid as investments are liquidated or from distributable cash as determined by the partnership agreements.

Investment Return

Amounts included in investment return, net in the statements of activities are:

	2019	2018
Dividends and interest	$ 2,540,959	$ 2,753,091
Net realized gain (loss)	920,563	(227,912)
Increase in net unrealized gain	3,161,736	5,533,325
Investment expense	(732,410)	(757,103)
Permanent impairment on private placement investments	-	(1,463,309)
	$ 5,890,848	$ 5,838,092

Beneficial Interests in Trusts

The following is a summary of beneficial interests in trusts. The Foundation considers all of these trusts to be classified as Level 3 within the fair value hierarchy.

	2019	2018
Perpetual trusts	$ 5,300,233	$5,267,432
Charitable remainder trusts	147,974	153,232
Charitable lead trust	1,539,861	1,790,265
	$ 6,988,068	$7,210,929

The following table provides a summary of changes in the fair value of the Foundation's beneficial interests in trusts:

	2019	2018
Beginning fair value	$ 7,210,929	$ 7,365,580
Distributions to Foundation	(570,024)	(563,183)
Change in value in beneficial interest	347,163	408,532
Ending fair value	$ 6,988,068	$ 7,210,929

In 2009, a donor established a trust naming the Foundation as the lead beneficiary of a charitable lead annuity trust. Under the terms of the trust, the Foundation is to receive $82,777 quarterly for 15 years. Based on donor life expectancy and the use of a 2.8% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be approximately $3,900,000, which was reported in 2010 as a contribution and a beneficial interest in trust. The Foundation's interest in the trust at June 30, 2019 and 2018 is recorded using the income approach based on calculating the present value of the annuity using published life expectancy tables and a discount rate, which approximates fair value.

Net Assets and Agency Funds

Net assets and agency funds by purpose are as follows:

	With Donor Restrictions			Without	Foundation			
			Pledge	Donor	Total	Agency Funds		
2019	Perpetual	Spendable	Receivables	Restrictions	Net Assets	(Related Parties)	Total	%
Scholarship	$ 67,941,551	$ 2,586,025	$ 4,280,860	$ -	$ 74,808,436	$ 25,756,683	$ 100,565,119	50.7 %
Student support	962,392	245,431	104,779	-	1,312,602	84,950	1,397,552	0.7
Program support	19,827,337	3,617,501	593,351	-	24,038,189	3,312,568	27,350,757	13.8
Faculty support	4,206,657	128,787	570	-	4,336,014	222,315	4,558,329	2.3
Professorship/Chairs	11,347,600	32	1,019,032	-	12,366,664	4,191,886	16,558,550	8.3
Capital	2,431,773	10,689,742	5,974,279	-	19,095,794	123,124	19,218,918	9.7
Restricted for time purposes	-	-	92,014	-	92,014	36,918	128,932	0.1
Area of greatest need:								
Undesignated	-	-	-	14,699,474	14,699,474	3,687,133	18,386,607	9.3
Other	-	191,556	-	-	191,556	-	191,556	0.1
Perpetual endowmer	4,027,681	-	-	-	4,027,681	2,226,217	6,253,898	3.2
Subject to spending policy	3,887,276	-	-	-	3,887,276	(169,070)	3,718,206	1.8
	$ 114,632,267	$17,459,074	$ 12,064,885	$ 14,699,474	$ 158,855,700	$ 39,472,724	$ 198,328,424	100.0 %

2018	With Donor Restrictions Perpetual	Spendable	Pledge Receivables	Without Donor Restrictions	Foundation Total Net Assets	Agency Funds (Related Parties)	Total	%
Scholarship	$ 63,679,949	$ 2,657,994	$ 3,129,475	$ -	$ 69,467,418	$ 26,301,653	$ 95,769,071	49.6 %
Student support	915,085	154,834	98,867	-	1,168,786	84,095	1,252,881	1.0
Program support	19,052,526	3,072,431	1,268,133	-	23,393,090	3,243,926	26,637,016	13.7
Faculty support	4,440,532	111,071	479	-	4,552,082	227,470	4,779,552	2.5
Professorship/Chairs	10,312,812	32	1,614,746	-	11,927,590	4,336,168	16,263,758	8.4
Capital	1,171,544	9,532,628	7,951,244	-	18,655,416	121,714	18,777,130	9.7
Restricted for time purposes	-	-	129,101	-	129,101	-	129,101	0.0
Area of greatest need:								
Undesignated	-	-	-	14,401,323	14,401,323	3,557,692	17,959,015	9.3
Other	-	337,281	-	-	337,281	-	337,281	0.0
Perpetual endowmer	5,106,664	-	-	-	5,106,664	2,215,124	7,321,788	3.8
Subject to spending policy	4,199,532	-	-	-	4,199,532	(249,630)	3,949,902	2.0
	$ 108,878,644	$15,866,271	$ 14,192,045	$ 14,401,323	$ 153,338,283	$ 39,838,212	$ 193,176,495	100.0 %

Endowment Funds

The Foundation's endowment consists of approximately 700 funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds that the Foundation must hold in perpetuity. 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 State of Kansas has enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides guidance and authority for the management of endowment funds.

The Board of Directors of the Foundation has interpreted UPMIFA 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 Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment earnings on the endowment fund remain classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds including the ability to spend from underwater funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation 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 Foundation
(7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the Foundation feels that distributions to be made in the future are as important as distributions made today. This is consistent with the philosophy that the Foundation is to exist in perpetuity, and therefore, should provide for distributions in perpetuity. The Foundation expects its endowment funds, over time, to provide an annualized total return (net of fees and expenses), through appreciation and investment income, equal to or greater than the rate of inflation, plus the Board approved distribution to Washburn University and budgeted operating expenses.

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

The Foundation has a policy of appropriating for distribution an amount which normally makes available each year 5% of the twenty-one quarter moving average of the market value of the endowment pool. These computations are completed quarterly and commence with the September quarter-end prior to the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the Foundation's primary objective of providing Washburn University with stable and predictable support for students and programs. To attain this goal, the Foundation seeks to grow the aggregate portfolio funds in perpetuity through investment earnings and growth through new gifts.

In February 2019, the Foundation's Board of Directors reviewed and approved the distribution of earnings from all funds including underwater endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs as deemed prudent by the Board of Directors.

At June 30, funds with deficiencies were reported in net asset with donor restrictions as detailed below:

	2019	2018
Fair value of underwater endowment funds	$ 33,122,546	$ 31,317,942
Original endowment gift amount	41,336,302	38,406,457
Deficiencies of underwater endowment funds	$ 8,213,756	$ 7,088,515

Composition and changes in endowment net assets for the year ended June 30, 2019:

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 807,730	$ 88,068,398	$ 88,876,128
Investment return, net	55,129	4,265,842	4,320,971
Contributions	—	4,864,231	4,864,231
Appropriation of endowment assets for expenditure	(687,958)	(5,355,929)	(6,043,887)
Other changes:			
Release from time restriction	410,512	(410,512)	—
Endowment net assets, end of year	$ 585,413	$ 91,432,030	$ 92,017,443

Composition and changes in endowment net assets for the year ended June 30, 2018:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 435,685	$ 82,554,029	$ 82,989,714
Investment return, net	51,073	4,474,833	4,525,906
Contributions	—	6,432,677	6,432,677
Appropriation of endowment assets for expenditure	(91,675)	(4,980,494)	(5,072,169)
Other changes:			
Release from time restriction	412,647	(412,647)	—
Endowment net assets, end of year	$ 807,730	$ 88,068,398	$ 88,876,128

Related Party

The Foundation and the University have an agreement designating the Foundation as the fundraising organization that solicits, receives, manages and disburses charitable contributions on behalf of the University. Distribution of amounts held in the funds of the Foundation is subject to the approval of the Foundation and the availability of monies and are in accordance with the terms of donor-gifting agreements. Accordingly, the accompanying financial statements generally reflect expenditures for which appropriate documentation has been submitted to and approved by the Foundation as of the financial reporting date.

As of June 30, 2019 and 2018, the Foundation owes the University $10,922,711 and $9,451,037 for amounts related to outstanding billings on private gift funds and reimbursement of operating expenses.

During 2019 and 2018, the Foundation provided direct support in the amount of $9,117,275 and $15,546,662 and made distributions from agency accounts as reflected below.

The University provides free use of certain facilities and services to the Foundation. The Foundation recorded in-kind contribution revenue and expense of $345,000 for 2019 and 2018.

The Foundation holds and manages certain assets of the University and Law School Foundation. Combined agency transactions were as follows:

	2019	2018
Fair market value of agency accounts, beginning of year	$ 39,838,212	$ 40,172,925
Contributions	453,320	987,234
Non-gift income	175,796	24,928
Investment return, net	1,919,474	2,293,291
Distributions	(1,764,757)	(2,508,560)
Expense allocation for administration and fundraising	(1,149,321)	(1,131,606)
Fair market value of agency accounts, end of year	$ 39,472,724	$ 39,838,212

14. Washburn Law School Foundation - Accounting Policies and Disclosures

Basis of Accounting and Presentation

The Law Foundation uses the accrual method of accounting.

The Law Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Assets without donor restrictions represent amounts available for support of the operations of the Law Foundation, and that are not subject to donor stipulation.

Assets with donor restrictions are subject to donor and/or time restrictions. These funds require either that the principal be invested in perpetuity and the income only be used by the Law Foundation or are restricted by the donor's intent as to usage.

Accounting Pronouncements Adopted

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the type of information provided about expenses and investment return. ASU 2016-14 is effective for periods beginning after December 15, 2017. The Law Foundation has adopted ASU 2016-

14 for all periods presented in these financial statements resulting in the following retroactive reclassifications to the 2018 net assets:

The reclassification of deficit amounts is attributable to underwater endowment funds.

	Before Adoption of ASU 2016-14		After Adoption of ASU 2016-14		
	Total	Reclassification	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2017:					
Unrestricted	$1,315,331	$ 820,938	$2,136,269	$ -	$2,136,269
Temporarily restricted	404,788	(820,938)		(416,150)	(416,150)
Permanently restricted	5,205,967			5,205,967	5,205,967
	6,926,086	-	2,136,269	4,789,817	6,926,086
2018 change in net assets:					
Unrestricted	79,793	106,649	186,422		186,442
Temporarily restricted	(14,525)	(106,649)		(121,174)	(121,174)
Permanently restricted	42,708			42,708	42,708
	107,976	-	186,422	(78,466)	107,976
Balance at June 30, 2018:					
Unrestricted	1,395,124	927,587	2,322,711		2,322,711
Temporarily restricted	390,263	(927,587)		(537,324)	(537,324)
Permanently restricted	5,248,675			5,248,675	5,248,675
	$7,034,062	$ -	$2,322,711	$4,711,351	$7,034,062

Investments Held at Washburn University Foundation

The Law Foundation has an agreement with Washburn University Foundation (the University Foundation) whereby the University Foundation provides administration, fundraising, accounting, and investment services to the Law Foundation. Investments held at Washburn University Foundation consist of investments and earnings held at the University Foundation for the benefit of the Law Foundation. These amounts are pooled with other funds held by the University Foundation for investment purposes, unless donor restrictions prohibit such pooling. Income received from pooled assets is allocated to various funds calculated on the value of the entire pool. A portion of the investment return is allocated to the funds in accordance with the University Foundation's spending policy.

Investments held at Washburn University Foundation are reported at fair value, except for private placements, which are reported at cost.

Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

All investment income and realized and unrealized gains and losses are reported on the statement of activities and classified as without donor restriction unless restricted by the donor or applicable law.

Amounts included in investment return, net in the statement of activities are:

	2019	2018
Interest and dividends	$ 131,268	$ 173,308
Net realized gain (loss)	60,941	(106,643)
Increase in unrealized gain	185,761	363,637
Investment expense	(45,745)	(47,548)
	$ 332,225	$ 382,754

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	CFDA Number	Amount	Passed Through To Subrecipients
Student Financial Aid Cluster					
Washburn University					
Federal Direct Student Loans	U.S. Department of Education		84.268	$ 31,137,661	$ —
Federal Supplemental Educational Opportunity Grant Program	U.S. Department of Education		84.007	254,000	—
Federal Work-Study Program	U.S. Department of Education		84.033	273,352	—
Federal Perkins Loan Program	U.S. Department of Education		84.038	753,770	—
Federal Pell Grant Program	U.S. Department of Education		84.063	7,700,430	—
Washburn Institute Of Technology					
Federal Direct Student Loans	U.S. Department of Education		84.268	1,647,610	—
Federal Work-Study Program	U.S. Department of Education		84.033	13,423	—
Federal Pell Grant Program	U.S. Department of Education		84.063	1,215,467	—
Total Student Financial Aid Cluster				42,995,713	—

See the accompanying notes to schedule of expenditures of federal awards.

For the Year Ended June 30, 2019

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	CFDA Number	Amount	Passed Through To Subrecipients
Other U.S. Department Of Education					
Washburn University					
Perkins Program Improvement	U.S. Department of Education/ Kansas Board of Regents	V048A180016	84.048	$ 69,075	$ —
Washburn Institute Of Technology					
Perkins Program Improvement	U.S. Department of Education/ Kansas Board of Regents	V048A180016	84.048	232,655	—
Perkins Non-Traditional Participation	U.S. Department of Education/ Kansas Board of Regents	V048A180016	84.048A	24,739	—
Subtotal 84.048 and 84.048A				326,469	—
Improving Teacher Quality	U.S. Department of Education/ Kansas Board of Regents	S367B160016	84.367B	65,278	—
Title III Strengthening Institutions	U.S. Department of Education	P031F180097	84.031F	1,282	—
Improved Reentry Education	U.S. Department of Education	V191D150012-17	84.191D	50,000	—
Adult Education and Family Literacy	U.S. Department of Education/ Kansas Board of Regents	V002A180016	84.002A	250,380	41,509
Total Other U.S. Department Of Education				693,409	41,509
Total U.S. Department Of Education				43,689,122	41,509

See the accompanying notes to schedule of expenditures of federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

For the Year Ended June 30, 2019

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	CFDA Number	Amount	Passed Through To Subrecipients
Washburn University					
Violence Against Women	U.S. Department of Justice	2015-WA-AX-0011	16.525	$ 56,748	—
National Institute of Justice Research	U.S. Department of Justice/ University of Nevada, Reno	2015-DN-BX-K409	16.560	10,299	—
Total U.S. Department Of Justice				67,047	—
Research And Development Cluster					
Kansas Biomedical Research Infrastructure Network Project	U.S. Department of Health and Human Services / University of Kansas Medical Center	5P20GM103418-18	93.859	89,116	—
Total Research And Development Cluster				89,116	—
Washburn University					
KanTRAIN DOLETA Grant	U.S. Department of Labor	TC26477-14-60-A-20	17.282	482,964	117,647
SAS KanTRAIN DOLETA Grant	U.S. Department of Labor	TC26477-14-60-A-20	17.282	776	—
Washburn Institute Of Technology					
KanTRAIN DOLETA Grant	U.S. Department of Labor	TC26477-14-60-A-20	17.282	37,495	—
Total U.S. Department Of Labor				521,235	117,647

See the accompanying notes to schedule of expenditures of federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

For the Year Ended June 30, 2019

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	CFDA Number	Amount	Passed Through To Subrecipients
Washburn University					
HRSA Advanced Nursing Education Workforce	U.S. Department of Health and Human Services	T94HP30883	93.247	887,531	44,224
HRSA Nurse, Education, Practice, Quality and Registered Nurses in Primary Care	U.S. Department of Health and Human Services	UK1HP31737	93.359	461,989	104,999
Total U.S. Department of Health and Human Services				1,349,520	149,223
Washburn University					
Humanities Kansas - Map of Kansas Literature	National Endowment for the Humanities/ Humanities Kansas	218035MJ / SO-253126-17	45.129	3,586	—
Humanities Kansas - I Just Want to Testify	National Endowment for the Humanities/ Humanities Kansas	219013MG / SO-253126-17	45.129	4,000	—
Total National Endowment for the Humanities				7,586	—
Washburn University					
VISTA Fellows State	Corporation for National and Community Service	17VSWKS004	94.013	11,106	—
Small Business Development Center	Small Business Administration/ Fort Hays State University	SBAHQ-15-B-0001/0001	59.037	237,167	—
PROLoG - Promoting Rule of Law in Georgia	U.S. Agency for International Development East-West Management Institute, Inc.	G-1218-15-100-3024-20 / AID-114-A-15-00004	98.001	33,500	—
National Summer Transportation Institute	Federal Highway Administration / Kansas Department of Transportation	106-KA-1661-20	20.205	317	—
Total				$ 46,005,716	$ 308,379

For the Year Ended June 30, 2019

Of the federal expenditures presented in this schedule, Washburn University of Topeka and Washburn Institute of Technology provided federal awards to subrecipients as follows:

Program	Subrecipient	CFDA Number	Amount
KanTRAIN DOLETA Grant	Flint Hills Technical College	17.282	11,655
KanTRAIN DOLETA Grant	Garden City Community College	17.282	34,819
KanTRAIN DOLETA Grant	Wichita Area Technical College	17.282	71,173
HRSA Advanced Nursing Education Workforce	Holton Health Systems	93.247	44,224
HRSA Nurse, Education, Practice, Quality and Retention	Holton Health Systems	93.359	40,000
HRSA Nurse, Education, Practice, Quality and Retention	Community Healthcare System Inc.	93.359	40,000
HRSA Nurse, Education, Practice, Quality and Retention	THA, Inc.	93.359	24,999
Adult Education and Family Literacy	Let's Help Inc.	84.002A	41,509

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

1. This schedule includes the federal awards activity of Washburn University of Topeka and of Washburn Institute of Technology and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. The federal Family Education Loan Program-Lenders and federal Perkins Loan Program listed in the schedule of expenditures of federal awards is administered directly by Washburn University of Topeka or Washburn Institute of Technology, and balances and transactions relating to these programs are included in the Washburn University of Topeka's basic financial statements (which include Washburn Institute of Technology as a blended component unit). Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding related to the Perkins Loan Program was $655,502 as no new loans were issued during the year ended June 30, 2019.

   The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, it is not practical to determine the balance of loans outstanding to students and former students of the University under this program at June 30, 2019.

3. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Regents
Washburn University of Topeka
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washburn University of Topeka (the University) and its discretely presented component units as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 5, 2019.

Our report includes a reference to other auditors who audited the financial statements of Washburn University Foundation and Washburn Law School Foundation, discretely presented component units of the University, as described in our report on the University's financial statements. The financial statements of Washburn University Foundation and Washburn Law School Foundation were not audited in accordance with *Governmental Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Washburn University Foundation or Washburn Law School Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

December 5, 2019

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Independent Auditors' Report On Compliance For Each Major Federal Program And A Report On Internal Control Over Compliance Required by The Uniform Guidance

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Report On Compliance For Each Major Federal Program

We have audited Washburn University of Topeka's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion On Each Major Federal Programs

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-005 that we consider to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

December 5, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☐ Yes	☒ None Reported
Noncompliance considered material to the financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☒ Yes	☐ None Reported

Type of auditor report issued on compliance for major federal programs: Unmodified

The audit disclosed findings required to be reported in accordance with 2 CFR200.516(a)?	☒ Yes	☐ No

Identification of major programs:

Cluster/Program	CFDA Number
Student Financial Aid Cluster:	
Federal Direct Student Loans	84.268
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
HRSA Nurse, Education Practice, Quality and Registered Nurses in Primary Care	93.359

The threshold used to distinguish between Type A and Type B programs was $750,000.

The University qualified as a low-risk auditee?	☒ Yes	☐ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

Finding 2019-001 – Significant Deficiency
Federal Award No. 84.268, 84.007, 84.033, 84.038, 84.063
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to the Federal Student Aid Handbook, Volume 2, Chapter 3, a university must report changes in a student's enrollment status, the effective date of the status, and an anticipated completion date to NSLDS. Changes in enrollment to less than half-time, graduated, or withdrawn must be reported within 60 days of the withdrawal determination date for schools that submit roster files to NSLDS. The withdrawal determination date for an official withdrawal is the date that the student begins the school's withdrawal process, or the date the student otherwise provides official notification to the school of the intent to withdraw.

Condition: In our nonstatistical sample of 49 students, it was noted for 1 student, who was an unofficial withdrawal that a status update was not made for this student to NSLDS within the 60 day requirement from the withdrawal determination date, which is the date the student began the official withdrawal process. We also noted for 1 student who was a Fall 2018 semester graduate that a status update was not made for this student to NSLDS within the 60 day requirement from the graduation determination date which is the date the student's degree was conferred.

Context: The first student's enrollment status was updated 63 days after the withdrawal date. The second student's enrollment status was updated 157 days after the graduation date.

Effect: Students may not enter repayment or their grace period within the appropriate timeframe from their exit from the University or students may not receive adequate notice of the timing of their grace period.

Questioned Costs: There were no questioned costs to report as the finding relates only to enrollment reporting is not related to eligibility.

Cause: The University does not have proper processes and related controls in place to complete the required updates to NSLDS for reporting changes in enrollment status within the 60 day requirement in relation to official withdrawals or graduations.

Recommendation: The Registrar department should review and consider revisions to its processes and related controls in place to ensure completion of updates to NSLDS within the required 60 day timeframe for official withdrawals and graduations.

Views Of Responsible Officials/Corrective Action Plan (Unaudited): The University notes personnel changes at Washburn Tech resulted in reassignment of duties and a delay in processing. The staff has completed training and has been provided with compliance expectations. They are now aware how to handle these situations going forward.

Completion Date: October 31, 2019

Contact Person: Andy Fogel, Director of Financial Aid

Finding 2019-002 – Significant Deficiency
Federal Award No. 84.268, 84.038
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to the Federal Student Aid Handbook, Volume 2, Chapter 6, a University must confirm that the student has completed face-to-face or online counseling, or that the student has been mailed exit loan counseling material within 30 days of learning that the student has withdrawn or failed to participate in an exit counseling session.

Condition: In our nonstatistical sample of 49 students, it was noted for 12 individuals that exit counseling was mailed over the 30 day threshold after learning that the students left the University.

Context: We noted that for all exceptions noted for the Fall that exit counseling was sent after 70 days, and that for the one exception noted for the Spring that exit counseling was sent after 74 days.

Effect: Students are not properly informed in a timely manner of their responsibilities for the repayment of loans received once leaving the University.

Questioned Costs: There were no questioned costs to report as the finding relates only to exit counseling and is not related to eligibility.

Cause: The University does not have proper processes and related controls in place to complete the exit counseling requirements within 30 days of the date of the student's exit from the University for all students who have exited the University upon expected graduation but for which graduation was not conferred until a later date.

Recommendation: The Financial Aid department should review and consider revisions to its processes and related controls in place to complete the exit counseling requirements for all students who have exited the University within 30 days of the date of the student's exit.

Views Of Responsible Officials/Corrective Action Plan (Unaudited): The University notes that the exit counseling notification process is automated, however, financial aid ITS had the spring process set to not active. It was made active as soon as the issue was found. The individual has since completed training and has been provided with compliance expectations regarding the exit counseling process. In addition, we are developing a failsafe report if the exit counseling is not sent.

Completion Date: December 31, 2019

Contact Person: Andy Fogel, Director of Financial Aid

Finding 2019-003 - Significant Deficiency
Federal Award No. 84.268
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to the Federal Student Financial Aid Handbook, Volume 4, Chapter 2, "Except in the case of loan funds made as a part of a post-withdrawal disbursement, when….. Direct Loan funds are being credited to a student's account, the school must also notify the borrower in writing (paper or electronically) of the: anticipated date and amount of the disbursement; borrower's right to cancel all or a part of the loan or disbursement; and procedures for canceling a Direct Loan…... and the time by which the borrower must notify the school that he or she wishes to cancel the loan or loan disbursement." Due to the College obtaining affirmative confirmation, the notification must be sent "no earlier than 30 days before and no later than 30 days after crediting the student's account."

Condition: In our nonstatistical sample of 40 students, it was noted that 2 students did not receive written notification of their loan disbursement within 30 days of the loan disbursement date.

Context: We noted that both exceptions were noted to be in the Fall 2018 semester and were missed due to changes in staffing during the Fall 2018 semester.

Effect: Students may not be properly notified of their rights and responsibilities with regard to loans being credited to their accounts.

Questioned Costs: Since students were not properly notified of their right to cancel loans on a timely basis, it is possible that eligible students may have chosen to cancel their disbursements/loans. It is not possible at this time to estimate the number of students that might have considered this option had they been properly notified; therefore, we cannot estimate a monetary amount of questioned costs. No exceptions related to student eligibility were noted.

Cause: The University does not have proper processes and related controls in place to notify students (or parents) of the required information, within the proper timeframe, when crediting the student accounts with loan funds.

Recommendation: The Financial Aid department should review and consider revisions to its processes and related controls in place to notify students (or parents) of the required information, within the proper timeframe, when crediting student accounts with loan funds.

Views Of Responsible Officials (Unaudited): The University notes that personnel changes at Washburn Tech resulted in a delay in processing notifications. The new staff has since completed training and been provided with compliance expectations. Beginning August 2019, this process is now automated for Washburn Tech. In addition, we are developing a failsafe report if the loan disbursement notification is not sent.

Completion Date: December 31, 2019

Contact Person: Andy Fogel, Director of Financial Aid

Finding 2019-004 - Significant Deficiency
Federal Award No. 84.268 & 84.063
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to 34 CFR 668.164(a)(1), "…a disbursement of title IV, HEA program funds occurs on the date that the institution credits the student's ledger account or pays the student or parent directly…"

Condition: In our nonstatistical sample of 40 students, it was noted that 4 students' Pell and Direct Loan Disbursement Dates did not match between the University's General Ledger and the Common Origination and Disbursement (COD) website.

Context: We noted that for all students with exceptions noted, the disbursement dates listed in the University's General Ledger were one day before the disbursement dates listed on the Common Origination and Disbursement (COD) website for the students' Pell and Federal Direct Loans, except for one instance where the disbursement date listed in the University's General Ledger was 16 days after the disbursement date listed on the Common Origination and Disbursement (COD) website for the student's Fall 2018 Pell disbursement.

Effect: Interest may be charged inaccurately to students for Federal Direct Loans resulting in being under or over-charged interest, and the Department of Education may not be aware of the accurate dates of disbursements which aid the Department of Education in anticipating cash flow requirements for higher education institutions.

Questioned Costs: There were no known or likely questioned costs over $25,000.

Cause: The University does not have proper processes and related controls in place to verify the disbursement dates matched between the two systems.

Recommendation: The Financial Aid department should review and consider revisions to its processes and related controls in place to update the disbursement dates in the Common Origination and Disbursement website, based on the actual disbursement date of funds according the University's General Ledger.

Views Of Responsible Officials (Unaudited): The University notes personnel changes at Washburn Tech resulted in disbursement dates not matching. The new staff has since completed training and provided compliance expectations.

Completion Date: October 31, 2019

Contact Person: Andy Fogel, Director of Financial Aid

Finding 2019-005 - Significant Deficiency
Federal Award No. 84.268, 84.007, & 84.063
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to the Federal Student Financial Aid Handbook, Volume 5, Chapter 2, when a withdrawn student requires a Return of Title IV Funds calculation, "a school must return unearned funds for which it is reasonable as soon as possible but no later than 45 days from the determination of a student's withdrawal."

Condition: In our nonstatistical sample of 44 students, it was noted that 2 students who withdrew that did not have their unearned funds returned within 45 days of their withdrawal determination date.

Context: We noted that the unearned aid for the noted exceptions was returned to the Department of Education after 48 and 49 days.

Effect: Delays in the return of funds to the Department of Education allows students and the University to improperly keep funds longer than allowed and prevents the Department of Education from potentially earning interest on these funds.

Questioned Costs: There were no known or likely questioned costs that exceeded $25,000.

Cause: The University does not have proper processes and related controls in place to remit the required amount of funds to the Department of Education within the proper timeframe, when a return of unearned aid is required.

Recommendation: The Financial Aid department should review and consider revisions to its processes and related controls in place to remit the required amount of funds to the Department of Education within the proper timeframe, when a return of unearned aid is required.

Views Of Responsible Officials (Unaudited): The University notes personnel changes at Washburn Tech resulted in reassignment of duties and a delay in processing. The new staff has since completed training and received compliance expectations on R2T4 and deadlines. In addition, we are developing a failsafe report if the return to Title IV is not processed.

Completion Date: December 31, 2019

Contact Person: Andy Fogel, Director of Financial Aid

WASHBURN UNIVERSITY OF TOPEKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2019

Finding No.	CFDA No.	Program	Condition	Current Year Status
			None	

CORRECTIVE ACTION PLAN

Finding: 2019-001
Corrective Action Plan: The University notes personnel changes at Washburn Tech resulted in reassignment of duties and a delay in processing. The staff has completed training and has been provided with compliance expectations. They are now aware how to handle these situations going forward.
Completion Date: October 31, 2019
Contact Person: Andy Fogel, Director of Financial Aid

Finding: 2019-002
Corrective Action Plan: The University notes that the exit counseling notification process is automated, however, financial aid ITS had the spring process set to not active. It was made active as soon as the issue was found. The individual has since completed training and has been provided with compliance expectations regarding the exit counseling process. In addition, we are developing a failsafe report if the exit counseling is not sent.
Completion Date: December 31, 2019
Contact Person: Andy Fogel, Director of Financial Aid

Finding: 2019-003
Corrective Action Plan: The University notes that personnel changes at Washburn Tech resulted in a delay in processing notifications. The new staff has since completed training and been provided with compliance expectations. Beginning August 2019, this process is now automated for Washburn Tech. In addition, we are developing a failsafe report if the loan disbursement notification is not sent.
Completion Date: December 31, 2019
Contact Person: Andy Fogel, Director of Financial Aid

CORRECTIVE ACTION PLAN *(CONTINUED)*

Finding: 2019-004
Corrective Action Plan: The University notes personnel changes at Washburn Tech resulted in disbursement dates not matching. The new staff has since completed training and provided compliance expectations.
Completion Date: October 31, 2019
Contact Person: Andy Fogel, Director of Financial Aid

Finding: 2019-005
Corrective Action Plan: The University notes personnel changes at Washburn Tech resulted in reassignment of duties and a delay in processing. The new staff has since completed training and received compliance expectations on R2T4 and deadlines. In addition, we are developing a failsafe report if the return to Title IV is not processed.
Completion Date: December 31, 2019
Contact Person: Andy Fogel, Director of Financial Aid

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 1 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET
General Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Tuition and fees	$ 53,916,242	$ 51,005,811	$ (2,910,431)
Income from endowment fund	880,936	429,322	(451,614)
Sales tax and other taxes	18,567,818	18,567,818	-
State appropriations	11,767,826	11,767,826	-
Other income	3,189,037	4,244,406	1,055,369
Use of reserves	2,444,676	-	(2,444,676)
Transfer from smoothing fund	-	-	-
Auxiliary enterprises	9,143,039	7,822,902	(1,320,137)
Total Revenues	99,909,574	93,838,085	(6,071,489)
Expenditures:			
Instruction	43,474,602	41,423,507	(2,051,095)
Public service, academic support and research	14,470,080	14,152,170	(317,910)
Student services	10,154,084	10,178,635	24,551
Institutional support	6,957,523	6,927,194	(30,329)
Maintenance of plant	8,725,595	7,641,699	(1,083,896)
Scholarships and fellowships	4,159,848	3,876,745	(283,104)
Other expenses and transfers	2,824,803	1,484,677	(1,340,126)
Contingency	4,000,000	-	(4,000,000)
Auxiliary enterprises	10,543,039	8,170,949	(2,372,090)
Total Expenditures	105,309,574	93,855,575	(11,453,999)
Change in Net Position	$ (5,400,000)	(17,490)	$ 5,382,510
Net Position - Beginning of Year		17,138,138	
Net Position - End of Year		$ 17,120,648	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 2 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET
Debt Retirement and Construction Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Ad valorem property and other taxes	$ 3,941,833	$ 3,794,376	$ (147,457)
Transfer from Smoothing Fund	500,000	709,061	209,061
Transfer from other funds - debt service	4,553,715	4,665,328	111,613
Total Revenues	8,995,548	9,168,765	173,217
Expenditures:			
Bond principal	2,730,000	3,190,000	460,000
Lease principal	609,343	634,577	25,234
Interest and commissions on bonds	1,525,893	1,758,065	232,172
Transfers for construction, repairs or equipping of new or existing buildings	4,000,000	3,355,567	(644,433)
Other	-	190,419	190,419
Total Expenditures	8,865,236	9,128,628	263,392
Change in Net Position	$ 130,312	40,137	$ (90,175)
Net Position - Beginning of Year		33,473	
Net Position - End of Year		$ 73,610	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 3 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET
Tort Claim Liability Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Ad valorem property and other taxes	$ 377,233	$ 363,688	$ (13,545)
Investment income	5,000	-	(5,000)
Total Revenues	382,233	363,688	(18,545)
Expenditures:			
Insurance premium	355,000	282,610	(72,390)
Litigation expense	250,000	-	(250,000)
Miscellaneous expense	75,000	133,906	58,906
Contingency	350,000	-	(350,000)
Total Expenditures	1,030,000	416,517	(613,483)
Change in Net Position	$ (647,767)	(52,829)	$ 594,938
Net Position - Beginning of Year		1,024,801	
Net Position - End of Year		$ 971,972	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 4 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET
Sales Tax Smoothing Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Sales tax and other taxes	$ 2,300,000	$ 2,472,773	$ 172,773
Expenditures:			
Transfer to building construction fund	1,300,000	-	(1,300,000)
Transfer to general fund	500,000	-	(500,000)
Transfer to capital improvement fund	500,000	-	(500,000)
Transfer to debt retirement & construction fund	500,000	709,061	209,061
Contingency	1,500,000	-	(1,500,000)
Total Expenditures	4,300,000	709,061	(3,590,939)
Change in Net Position	$ (2,000,000)	1,763,712	$ 3,763,712
Net Position - Beginning of Year		11,646,182	
Net Position - End of Year		$ 13,409,894	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 5 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET
Capital Improvement Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Sales tax revenue transfers	$ 890,000	$ 890,000	$ -
Interest income	-	-	-
Transfer from smoothing fund	500,000	-	(500,000)
Transfer from general fund	250,000	-	(250,000)
Total Revenues	1,640,000	890,000	(750,000)
Expenditures:			
Capital expenses	250,000	116,332	(133,668)
Non-mandatory transfers	890,000	890,000	-
Contingency	500,000	-	(500,000)
Total Expenditures	1,640,000	1,006,332	(633,668)
Change in Net Position	$ -	(116,332)	$ (116,332)
Net Position - Beginning of Year		116,332	
Net Position - End of Year		$ 0	

SCHEDULE 6 - REVENUES, EXPENDITURES AND COMPARISON WITH BUDGET
Washburn Institute of Technology
General Fund
For the Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues:			
Tuition and fees	$ 4,271,581	$ 4,705,128	$ 433,547
Vocational state aid	6,961,574	7,569,227	607,653
Vocational capital outlay	174,584	170,720	(3,864)
Interest on investments	25,500	97,603	72,103
Other income - indirect reimbursement	300,000	-	(300,000)
Other sales and services	160,000	-	(160,000)
Use of reserves	750,000	271,161	(478,839)
Total Revenues	12,643,239	12,813,839	170,600
Expenditures:			
Instruction	6,861,812	6,931,460	69,648
Academic support	1,281,178	1,084,327	(196,851)
Student services	1,130,205	1,034,537	(95,668)
Institutional support	514,144	518,912	4,768
Maintenance of plant	1,376,550	1,341,674	(34,876)
Other expenses and transfers	1,479,350	556,158	(923,192)
Contingency	1,000,000	-	(1,000,000)
Total Expenditures	13,643,239	11,467,069	(2,176,170)
Change in Net Position	$ (1,000,000)	1,346,771	$ 2,346,771
Net Position - Beginning of Year		3,459,825	
Net Position - End of Year		$ 4,806,596	

SCHEDULE 7 - CASH RECEIPTS AND EXPENDITURES - 2018 SERIES BOND ISSUE
For the Year Ended June 30, 2019 and Since Project Inception

	For the Year Ended June 30, 2019	Project Inception to June 30, 2019
Revenues and Other Additions:		
Bond proceeds	$ 10,203,232	$ 10,203,232
Transfer for debt service	249,061	249,061
Investment earnings on bond proceeds, net	189,915	189,915
Total Revenues and Other Additions	10,642,208	10,642,208
Expenditures and Other Deductions:		
Bond issuance costs	193,937	193,937
Transfer to project fund	10,000,000	10,000,000
Interest expense paid	249,061	249,061
Total Expenditures and Other Deductions	10,442,998	10,442,998
Net Change	199,210	$ 199,210
Cash and Investments - Beginning of Year	-	
Cash and Investments - End of Year	$ 199,210	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 8 - OPERATIONS OF RESIDENTIAL LIVING
For the Year Ended June 30, 2019

Revenues:	
Room rental income	$ 4,034,584
Receipts from coin machines, forfeited initial pay, camps, etc.	253,210
Total Revenues	4,287,794
Expenditures:	
Salaries, director and resident assistants	401,231
Salaries, custodial	332,116
Benefits	70,621
Scholarships, resident assistants	173,342
Insurance	65,888
Utilities, telephone and cable	636,283
Memberships	11,653
Repairs and operating supplies	100,603
Building space rental	310
Contracted services	30,074
Architects and Engineers	884
Travel	2,227
Total Expenditures	1,825,233
Net Operating Income	2,462,561
Debt Service - Transfer to Debt Retirement and Construction Fund	(2,421,088)
Excess of Cash Receipts Over Expenditures	$ 41,473