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**WASHBURN UNIVERSITY OF TOPEKA**  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2021*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## 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 the business-type activities and its discretely presented component units of Washburn University of Topeka (the University) as of and for the years ended June 30, 2021 and 2020, 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 \$234,809,336 and \$190,969,460 as of June 30, 2021 and 2020, respectively, and total revenues of \$53,362,230 and \$10,669,325, 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 \$8,547,108 and \$6,695,268 as of June 30, 2021 and 2020, respectively, and total revenues of \$2,031,322 and \$212,377, 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 and the reports of the other accountants are 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 business-type activities and discretely presented component units of Washburn University of Topeka as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***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 4 through 15 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 schedules required for revenue bonds and revenue refunding bonds as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules required for revenue bonds and revenue refunding bonds 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 3, 2021, 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 3, 2021

# WASHBURN UNIVERSITY OF TOPEKA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021 with comparative data for the fiscal years ended June 30, 2020 and 2019. 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.

# WASHBURN UNIVERSITY OF TOPEKA

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## Management's Discussion and Analysis

### 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, 2021

The discussion below addresses the University's financial highlights.

#### *Washburn University*

The University's financial position remained strong at June 30, 2021, with total assets of \$246.7 million and total liabilities of \$69.8 million. These amounts resulted in an increase in net position of \$25.2 million.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal year 2021 operating revenues were \$39.9 million and operating expenses were \$97.0 million, resulting in a loss from operations of \$57.1 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, 2021, net nonoperating revenues of \$82.0 million consist primarily of state and local appropriations, grants, and gifts. When combined with capital grants (\$229,256) and additions to permanent endowments (\$41,221), the University recognized an increase in net position of \$25.2 million compared to an increase of \$3.8 million for the year ended June 30, 2020.

## WASHBURN UNIVERSITY OF TOPEKA

### Management's Discussion and Analysis

#### *Washburn Tech*

Washburn Tech's financial position was also strong at June 30, 2021, with total assets of \$14.9 million exceeding total liabilities of \$800,000. These amounts resulted in an increase in net position of \$1.3 million.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal year 2021 operating revenues were \$2.7 million and operating expenses were \$12.8 million, resulting in a loss from operations of \$10.1 million. Net nonoperating revenues of \$11.4 million consist primarily of state appropriations and grants, which resulted in an increase in net position of \$1.3 million. The increase was more than the increase of \$292,000 for the year ended June 30, 2020.

#### **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, 2021, 2020 and 2019 is presented below.

#### **Combined Statements of Net Position June 30, 2021, 2020, and 2019**

	2021	2020	2019
<b>Assets:</b>			
Current assets	\$ 72,120,451	\$ 57,738,991	\$ 61,295,567
Capital assets, net	133,744,455	131,988,895	123,784,569
Noncurrent assets	55,813,169	38,506,585	39,538,890
<b>Total Assets</b>	<b>261,678,075</b>	<b>228,234,470</b>	<b>224,619,026</b>
<b>Deferred Outflows of Resources</b>	<b>—</b>	<b>256,356</b>	<b>309,322</b>
<b>Liabilities:</b>			
Current liabilities	13,546,628	15,787,837	13,896,205
Noncurrent liabilities	57,020,238	48,133,574	50,603,451
<b>Total Liabilities</b>	<b>70,566,866</b>	<b>63,921,410</b>	<b>64,499,656</b>
<b>Net Position:</b>			
Net investment in capital assets	90,575,248	82,817,082	80,969,651
Restricted - nonexpendable	31,075,913	25,604,947	29,133,665
Restricted - expendable	22,141,503	13,811,423	12,397,939
Unrestricted	47,318,545	42,335,964	37,927,437
<b>Total Net Position</b>	<b>\$ 191,111,209</b>	<b>\$ 164,569,416</b>	<b>\$ 160,428,692</b>

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

#### **Fiscal Year 2021 Compared to Fiscal Year 2020**

##### ***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 \$72.1 million at June 30, 2021, and consisted primarily of cash, short-term investments, and receivables. This represents an increase of \$14.4 million due primarily to an increase in grants receivable. Total current assets at June 30, 2021 cover current liabilities 5.3 times, an indicator of good liquidity.

Capital assets, which represent the assets' historical cost net of accumulated depreciation, totaled \$133.7 million at June 30, 2021. This represents an increase of \$1.8 million, which is attributable to capitalized items exceeding depreciation and disposals.

Noncurrent assets totaled \$55.8 million and \$38.5 million at June 30, 2021 and 2020, respectively, and consisted primarily of restricted cash and amounts due from the Washburn University Foundation.

##### ***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 \$9.6 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 balance of \$256,000 as of June 30, 2020, was recognized in fiscal year 2021. There were no additions to deferred outflows of resources during the years ended June 30, 2021, 2020, and 2019.

##### ***Liabilities***

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

Current liabilities totaled \$13.5 million at June 30, 2021, and consisted primarily of accounts payable and accrued liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities totaled \$57.0 million at June 30, 2021, and consisted primarily of long-term debt obligations and unearned revenue. This reflects an increase of \$8.9 million due to the issuance of the \$20.9 million Series 2021A-1, A-2 and B Revenue Bonds netted against the refinancing and 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

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 2020 Compared to Fiscal Year 2019**

Current assets totaled \$57.7 million and \$61.3 million at June 30, 2020 and 2019, respectively, and consisted primarily of cash and receivables. Total current assets at June 30, 2020 and 2019 covered current liabilities 3.6 and 4.4 times, respectively, an indicator of good liquidity.

Capital assets, which represent the assets' historical cost net of accumulated depreciation, totaled \$132.0 million and \$123.8 million at June 30, 2020 and 2019, respectively. This represents an increase of \$8.2 million, which is attributable to depreciation and disposals not exceeding capitalized expenditures.

Noncurrent assets totaled \$38.5 million and \$39.5 million at June 30, 2020 and 2019, respectively, and consisted primarily of restricted cash and receivables from the Washburn University Foundation. The \$1.0 million decrease in noncurrent assets is due to a decrease in receivables from the Washburn University Foundation.

Current liabilities totaled \$15.8 million and \$13.9 million at June 30, 2020 and 2019, respectively, and consisted primarily of accounts payable and accrued liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities totaled \$48.1 million and \$50.6 million at June 30, 2020 and 2019, respectively, and consisted primarily of long-term debt obligations and unearned revenue. This reflects a decrease of \$2.5 million due 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

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, 2021, 2020 and 2019 is presented below.

#### Combined Statements of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Operating revenues	\$ 42,599,192	\$ 46,475,105	\$ 49,771,798
Operating expenses	109,773,108	111,910,923	115,130,938
Operating loss	(67,173,916)	(65,435,818)	(65,359,140)
Nonoperating revenues	96,513,167	71,898,542	71,234,534
Interest on capital asset-related debt	(1,915,397)	(1,754,706)	(1,747,998)
Other nonoperating expenses	(1,152,537)	(1,014,787)	(773,244)
Income before other revenues	26,271,317	3,693,231	3,354,152
Other revenues	270,477	447,492	684,867
Increase (decrease) in net position	26,541,794	4,140,723	4,039,019
Change in accounting principle	—	—	(33,612,584)
Net Position - Beginning of Year	164,569,415	160,428,692	190,002,257
Net Position - End of Year	\$ 191,111,209	\$ 164,569,415	\$ 160,428,692

#### Fiscal Year 2021 Compared to Fiscal Year 2020

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of \$26.5 million during the year ended June 30, 2021, compared to an increase of \$4.1 million during the year ended June 30, 2020. Highlights of the information provided in these statements is included below.

#### *Revenues*

Revenues, excluding capital grants and additions to permanent endowments, totaled \$139.1 million and \$118.4 million for the years ending June 30, 2021 and 2020, respectively. The \$20.7 million increase is attributable primarily to an increase in federal grants and contracts, and local appropriations.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

State and local appropriations comprised 36.1 percent of the University's revenue for the year ended June 30, 2021, compared to 40.5 percent for the year ended June 30, 2020. The next largest revenue source was net tuition and fees, comprising 24.5 percent of revenue for the year ended June 30, 2021, compared to 31.6 percent for the year ended June 30, 2020.

#### *Expenses*

Expenses totaled \$112.8 million and \$114.7 million for the years ended June 30, 2021 and 2020, respectively.

Instruction expenses accounted for 33.8 percent of total expenses by function for the year ended June 30, 2021, compared to 35.8 percent for the year ended June 30, 2020. The percentages for the remaining expenses by functional area range from 11.5 percent for Academic Support to 0.1 percent for Research for the year ended June 30, 2021, compared to 12.5 percent and 0.1 percent for the year ended June 30, 2020.

Salaries and benefits comprised 65.0 percent of operating expenses by natural classification for the year ended June 30, 2021, compared to 64.0 percent for the year ended June 30, 2020. Other operating expenses represent 20.9 percent of total expenses for the year ended June 30, 2021, compared to 24.8 percent for the year ended June 30, 2020. Financial aid and depreciation accounted for the remaining 14.1 percent of expenses for the year ended June 30, 2021, compared to 11.2 percent for the year ended June 30, 2020.

#### **Fiscal Year 2020 Compared to Fiscal Year 2019**

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of \$4.1 million during the year ended June 30, 2020, compared to an increase of \$4.0 million during the year ended June 30, 2019. Highlights of the information provided in these statements is included below.

#### *Revenues*

Revenues, excluding capital grants and additions to permanent endowments, totaled \$118.4 million and \$121.0 million for the years ending June 30, 2020 and 2019, respectively. The \$2.6 million decrease is attributable primarily to a decrease in student tuition and fees and a loss on investments.

State and local appropriations comprised 40.5 percent of the University's revenue for the year ended June 30, 2020, compared to 38.1 percent for the year ended June 30, 2019. The next largest revenue source was net tuition and fees, comprising 31.7 percent of revenue for the year ended June 30, 2020, compared to 33.0 percent for the year ended June 30, 2019.

#### *Expenses*

Expenses totaled \$114.7 million and \$117.6 million for the years ended June 30, 2020 and 2019.

Instruction expenses accounted for 35.8 percent of total expenses by function for the year ended June 30, 2020, compared to 35.1 percent for the year ended June 30, 2019. The percentages for the remaining expenses by functional area range from 12.5 percent for Academic Support to 0.1 percent for Research for the year ended June 30, 2020, compared to 12.9 percent and 0.1 percent for the year ended June 30, 2019.

# WASHBURN UNIVERSITY OF TOPEKA

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## Management's Discussion and Analysis

Salaries and benefits comprise 64.0 percent of expenses by natural classification for the year ended June 30, 2020, compared to 63.0 percent for the year ended June 30, 2019. Other operating expenses represent 24.8 percent of total expenses for the year ended June 30, 2020, compared to 26.0 percent for the year ended June 30, 2019. Financial aid and depreciation accounted for the remaining 11.2 percent of expenses for the year ended June 30, 2020, compared to 11.0 percent for the year ended June 30, 2019.

### 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, non-investing, 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, 2021, 2020, and 2019

	2021	2020	2019
Cash provided (used) by:			
Operating activities	\$ (59,286,616)	\$ (53,476,912)	\$ (57,245,291)
Noncapital financing activities	74,259,133	87,460,462	70,857,512
Capital and related financing activities	(5,443,159)	(22,637,924)	(1,433,165)
Investing activities	5,594,807	5,937,205	(7,833,566)
Change in Cash	15,124,165	17,282,830	4,345,490
Cash - Beginning of Year	51,383,275	34,100,445	29,754,955
Cash - End of Year	\$ 66,507,440	\$ 51,383,275	\$ 34,100,445

### Fiscal Year 2021 Compared to Fiscal Year 2020

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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

The cash position of the University increased by approximately \$15.1 million during the year ended June 30, 2021, compared to an increase of approximately \$17.3 million during the year ended June 30, 2020. These changes are largely attributable to less net cash used by capital and financing activities.

#### **Fiscal Year 2020 Compared to Fiscal Year 2019**

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 \$17.3 million during the year ended June 30, 2020, compared to an increase of approximately \$4.3 million during the year ended June 30, 2019. 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, 2021, the University reported \$133.7 million invested in capital assets, net of accumulated depreciation, compared to \$132.0 million and \$123.8 million at June 30, 2020 and 2019, respectively. Depreciation charges totaled \$10.9 million for the fiscal year ended June 30, 2021, compared to \$10.4 million and \$11.0 million for the years ended June 30, 2020 and 2019, respectively. Details of these assets are as follows:

#### **Condensed Statements of Capital Assets, Net of Accumulated Depreciation As of June 30, 2021, 2020, and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,444,104	\$ 1,444,104	\$ 1,444,104
Buildings, improvements, and infrastructure	112,759,243	99,810,853	103,386,743
Furniture, fixtures, and equipment	5,905,638	6,552,678	7,730,536
Computers and electronic equipment	2,351,546	2,938,159	1,850,434
Books and collections	153,902	282,110	473,290
Broadcasting tower, antenna, and equipment	1,075,308	989,407	1,090,403
Vehicles	744,489	836,066	1,015,249
Works of art and historical treasures	5,133,794	3,952,794	3,811,154
Construction in progress	4,176,431	15,182,724	2,982,656
Capital Assets, Net	<u>\$ 133,744,455</u>	<u>\$ 131,988,895</u>	<u>\$ 123,784,569</u>

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

Strategic additions during the fiscal year ended June 30, 2021 included renovations to Indoor Athletics Facility, Falley Field turf, and Multicultural Resource Center.

Strategic additions during the fiscal year ended June 30, 2020 included renovations to Henderson Hall, softball facility improvements, Memorial Union A & B improvements and computer refresh program.

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.

### *Debt*

At June 30, 2021, the University had \$56.0 million in outstanding revenue bonds and capital leases compared to \$48.5 million and \$50.9 million at June 30, 2020 and 2019, respectively. The increase from 2020 to 2021 resulted from the April 2021 issuance of Series 2021A-1, A-2, and B 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, 2021, 2020, and 2019

	2021	2020	2019
<b>Bonds:</b>			
Series 2010	\$ —	\$ 2,960,000	\$ 4,130,000
Series 2014	—	4,640,000	5,075,000
Series 2015A	17,315,000	19,040,000	19,440,000
Series 2015B	4,795,000	5,810,000	6,135,000
Series 2018	8,945,000	9,325,000	9,695,000
Series 2021-A1	10,365,000	—	—
Series 2021-A2	3,675,000	—	—
Series 2021B	5,050,000	—	—
<b>Total Bonds</b>	<b>50,145,000</b>	<b>41,775,000</b>	<b>44,475,000</b>
<b>Capital Leases</b>	<b>5,859,380</b>	<b>6,768,347</b>	<b>6,396,728</b>
<b>Total Outstanding Debt</b>	<b>\$ 56,004,380</b>	<b>\$ 48,543,347</b>	<b>\$ 50,871,728</b>

On May 5, 2021 the University issued \$20,850,000 in Revenue Bonds, Series 2021A-1, A-2 and B ("Series 2021"), with interest rates of 2.00 percent to 4.00 percent. The Series 2021 bonds are due in annual principal payments ranging from \$35,000 to \$1,760,000, and mature between July 1, 2021 and July 1, 2042. Interest payments begin on July 1, 2021.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion and Analysis

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 percent. 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.

### **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 2022 budget anticipates modest growth when compared to fiscal year 2021. 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 2022, the University budgeted for sales tax revenue to be up \$1.3 million or 7.2 percent.

### ***Tuition***

The University's Board of Regents approved a 2.0 percent tuition increase for fiscal year 2022.

## **WASHBURN UNIVERSITY OF TOPEKA**

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### Management's Discussion and Analysis

For Fall 2021, Washburn University experienced a 3.8 percent reduction in total student headcount while Washburn Technical experienced an 11.4 percent increase in total student headcount. These variances were anticipated and planned for when developing the fiscal year 2022 budget.

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 Luther Lee, Director of Finance/Controller, 1700 SW College Avenue, Topeka, Kansas 66621.

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF NET POSITION

Page 1 of 2

### Assets and Deferred Outflows of Resources

	June 30,	
	2021	2020
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 45,749,850	\$ 42,368,293
Taxes receivable	4,439,842	4,289,597
Accounts receivable, net of allowance of \$4,266,977 and \$4,126,446 in 2021 and 2020, respectively	12,321,417	7,858,326
Receivable from Washburn University Foundation	221,730	130,263
Federal and grants receivable	7,617,450	825,328
Other current receivables	300,000	300,000
Inventories	542,585	627,239
Other assets	927,577	1,339,945
<b>Total Current Assets</b>	<b>72,120,451</b>	<b>57,738,991</b>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	20,757,590	9,014,982
Perkins loans receivable	443,022	536,217
Receivable from Washburn University Foundation	34,205,557	28,613,402
Endowment investments	407,000	335,855
Prepaid expenses	—	6,128
Capital assets, net	133,744,455	131,988,895
<b>Total Noncurrent Assets</b>	<b>189,557,624</b>	<b>170,495,479</b>
<b>Total Assets</b>	<b>261,678,075</b>	<b>228,234,470</b>
<b>Deferred Outflows of Resources:</b>		
Excess of bond reacquisition costs over carrying value	—	256,356

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF NET POSITION

Page 2 of 2

### Liabilities and Net Position

	June 30,	
	2021	2020
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 6,385,603	\$ 8,060,774
Accrued compensated absences, current portion	1,722,438	1,636,863
Unearned revenue	2,142,683	2,126,987
Capital lease obligation, current portion	930,337	908,967
Building revenue bonds, current portion	2,155,000	2,855,000
Deposits held in custody for others	210,567	199,246
<b>Total Current Liabilities</b>	<b>13,546,628</b>	<b>15,787,837</b>
<b>Noncurrent Liabilities:</b>		
Accrued compensated absences	570,924	549,531
Unearned revenue	1,834,042	2,063,298
Capital lease obligation	4,929,042	5,859,380
Building revenue bonds	49,686,230	39,661,365
<b>Total Noncurrent Liabilities</b>	<b>57,020,238</b>	<b>48,133,574</b>
<b>Total Liabilities</b>	<b>70,566,866</b>	<b>63,921,411</b>
<b>Net Position:</b>		
Net investment in capital assets	90,575,248	82,817,082
Restricted		
Nonexpendable		
Endowments	31,075,913	25,604,947
Expendable		
Scholarships	2,151,450	1,874,190
Loans	813,242	945,859
Self-funded insurance	8,074,461	7,859,765
Capital projects	64,966	280,060
Other	11,037,384	2,851,548
Unrestricted	47,318,545	42,335,964
<b>Total Net Position</b>	<b>\$ 191,111,209</b>	<b>\$ 164,569,415</b>

# WASHBURN UNIVERSITY OF TOPEKA

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – WASHBURN UNIVERSITY FOUNDATION

### Assets

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 4,589,815	\$ 3,410,307
Investments	192,045,008	161,268,070
Bequests receivable	3,842,441	367,786
Pledges receivable	20,623,559	13,670,273
Accrued investment income receivable	39,767	93,116
Beneficial interests in trusts	10,879,719	9,303,610
Real estate, net	2,750,010	2,804,064
Equipment, net	39,017	52,234
<b>Total Assets</b>	<b>\$ 234,809,336</b>	<b>\$ 190,969,460</b>

### Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ 663,785	\$ 492,927
Due to Washburn University of Topeka	221,730	130,263
Charitable gift liabilities	503,463	548,836
Funds managed on behalf of Washburn University of Topeka	34,205,557	28,613,402
Funds managed on behalf of Washburn Law School Foundation	8,547,108	6,965,268
<b>Total Liabilities</b>	<b>44,141,643</b>	<b>36,750,696</b>
<b>Net Assets:</b>		
Without donor restrictions	16,580,745	14,525,652
With donor restrictions	174,086,948	139,693,112
<b>Total Net Assets</b>	<b>190,667,693</b>	<b>154,218,764</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 234,809,336</b>	<b>\$ 190,969,460</b>

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# WASHBURN UNIVERSITY OF TOPEKA

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## STATEMENTS OF FINANCIAL POSITION – WASHBURN LAW SCHOOL FOUNDATION

### Assets

	June 30,	
	2021	2020
Investments held at Washburn University Foundation	\$ 8,547,108	\$ 6,965,268
<b>Total Assets</b>	<b>\$ 8,547,108</b>	<b>\$ 6,965,268</b>

### Net Assets

<b>Net Assets:</b>		
Without donor restrictions	\$ 3,038,126	\$ 2,381,173
With donor restrictions	5,508,982	4,584,095
<b>Total Net Assets</b>	<b>\$ 8,547,108</b>	<b>\$ 6,965,268</b>

**WASHBURN UNIVERSITY OF TOPEKA**

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**STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION**

**Page 1 of 2**

	<b>For The Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Revenues:</b>		
Tuition and fees (net of scholarship allowances of \$20,138,185 and \$23,664,996 in 2021 and 2020, respectively)	\$ 34,185,164	\$ 37,489,565
Federal grants and contracts	41,321	28,438
Sales and services of educational departments	2,024,772	1,767,669
Auxiliary enterprises		
Residential Living (net of scholarship allowances of \$346,396 and \$187,201 in 2021 and 2020, respectively; revenues are used as security for revenue bonds Series 2010, 2014, 2015A and 2015B)	2,932,163	3,401,901
Memorial Union (revenues are used as security for revenue bonds Series 2010)	3,086,974	3,273,988
Other operating revenues	328,798	513,544
<b>Total Operating Revenues</b>	<b>42,599,192</b>	<b>46,475,105</b>
<b>Operating Expenses:</b>		
Educational and general		
Instruction	38,182,528	41,104,052
Research	118,995	132,504
Public service	3,217,830	3,219,114
Academic support	12,916,924	14,387,891
Student services	12,208,623	12,496,364
Institutional support	6,612,078	7,991,719
Operation and maintenance of plant	8,838,636	8,950,882
Depreciation	10,936,350	10,384,684
Financial aid	4,934,740	2,547,516
Auxiliary enterprises		
Residential Living	1,070,861	1,128,187
Memorial Union	2,931,837	3,122,355
Self-funded insurance claims, net of premiums	7,803,705	6,445,656
<b>Total Operating Expenses</b>	<b>109,773,108</b>	<b>111,910,923</b>
<b>Operating Loss</b>	<b>(67,173,916)</b>	<b>(65,435,818)</b>

**WASHBURN UNIVERSITY OF TOPEKA**

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**STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION**

**Page 2 of 2**

	<b>For The Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Nonoperating Revenues (Expenses):</b>		
State appropriations	\$ 21,210,190	\$ 21,057,693
Local appropriations	29,086,969	26,895,193
Federal grants and contracts	25,927,527	14,700,497
State and local grants and contracts	320,771	384,878
Nongovernmental grants and contracts	118,339	87,187
Gifts	14,183,419	11,899,557
Investment income	5,665,952	(3,126,463)
Interest on indebtedness	(1,915,397)	(1,754,706)
Other nonoperating expenses	(1,152,537)	(1,014,787)
<b>Net Nonoperating Revenues</b>	<b>93,445,233</b>	<b>69,129,049</b>
 <b>Income Before Other Revenues</b>	 <b>26,271,317</b>	 <b>3,693,231</b>
 <b>Capital Grants and Gifts</b>	 <b>229,256</b>	 <b>224,026</b>
<b>Additions to Permanent Endowments</b>	<b>41,221</b>	<b>223,466</b>
 <b>Change in Net Position</b>	 <b>26,541,794</b>	 <b>4,140,723</b>
 <b>Net Position - Beginning of Year</b>	 <b>164,569,415</b>	 <b>160,428,692</b>
<b>Net Position - End of Year</b>	<b>\$ 191,111,209</b>	<b>\$ 164,569,415</b>

**WASHBURN UNIVERSITY OF TOPEKA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES –**  
**WASHBURN UNIVERSITY FOUNDATION**  
**For the Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Support:			
Contributions	\$ 3,319,978	\$ 17,954,974	\$ 21,274,952
Change in beneficial interest and other	—	2,127,516	2,127,516
<b>Total support</b>	<b>3,319,978</b>	<b>20,082,490</b>	<b>23,402,468</b>
Revenue:			
Investment return, net	3,103,246	25,761,077	28,864,323
Administration	777,679	—	777,679
Events	119,528	23,125	142,653
Other	141,845	33,262	175,107
<b>Total revenue</b>	<b>4,142,298</b>	<b>25,817,464</b>	<b>29,959,762</b>
Net assets released from restrictions	11,744,592	(11,744,592)	—
<b>Total support and revenue</b>	<b>19,206,868</b>	<b>34,155,362</b>	<b>53,362,230</b>
<b>Expenses:</b>			
Program services	12,039,701	—	12,039,701
Management and general	2,000,713	—	2,000,713
Fundraising	2,872,887	—	2,872,887
<b>Total expenses</b>	<b>16,913,301</b>	<b>—</b>	<b>16,913,301</b>
<b>Excess of support and revenue over expenses</b>	<b>2,293,567</b>	<b>34,155,362</b>	<b>36,448,929</b>
<b>Other fund transfers, net</b>	<b>(238,474)</b>	<b>238,474</b>	<b>—</b>
<b>Change in net assets</b>	<b>2,055,093</b>	<b>34,393,836</b>	<b>36,448,929</b>
<b>Net assets, beginning of year</b>	<b>14,525,652</b>	<b>139,693,112</b>	<b>154,218,764</b>
<b>Net assets, end of year</b>	<b>\$ 16,580,745</b>	<b>\$ 174,086,948</b>	<b>\$ 190,667,693</b>

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# WASHBURN UNIVERSITY OF TOPEKA

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## STATEMENT OF ACTIVITIES – WASHBURN LAW SCHOOL FOUNDATION For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues:</b>			
Contributions	\$ 76,231	\$ 16,813	\$ 93,044
Investment return, net	686,910	1,256,272	1,943,182
Nongift and other income	(6,439)	1,535	(4,904)
Net assets released from restriction	347,338	(347,338)	—
<b>Total support and revenues (loss)</b>	<b>1,104,040</b>	<b>927,282</b>	<b>2,031,322</b>
<b>Expenses:</b>			
Program services	289,736	—	289,736
Management and general	159,746	—	159,746
<b>Total expenses</b>	<b>449,482</b>	<b>—</b>	<b>449,482</b>
<b>Excess of support and revenue over expenses</b>	<b>654,558</b>	<b>927,282</b>	<b>1,581,840</b>
<b>Other fund transfers, net</b>	<b>2,395</b>	<b>(2,395)</b>	<b>—</b>
<b>Change in net assets</b>	<b>656,953</b>	<b>924,887</b>	<b>1,581,840</b>
<b>Net assets, beginning of year</b>	<b>2,381,173</b>	<b>4,584,095</b>	<b>6,965,268</b>
<b>Net assets, end of year</b>	<b>\$ 3,038,126</b>	<b>\$ 5,508,982</b>	<b>\$ 8,547,108</b>

**WASHBURN UNIVERSITY OF TOPEKA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES –**  
**WASHBURN UNIVERSITY FOUNDATION**  
**For the Year Ended June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue:</b>			
Support:			
Contributions	\$ 1,284,804	\$ 10,154,027	\$ 11,438,831
Change in beneficial interest and other	—	1,370,627	1,370,627
<b>Total support</b>	<b>1,284,804</b>	<b>11,524,654</b>	<b>12,809,458</b>
Revenue:			
Investment return, net	882,958	(4,153,807)	(3,270,849)
Administration	835,101	—	835,101
Events	78,088	20,633	98,721
Other	34,108	162,786	196,894
<b>Total revenue</b>	<b>1,830,255</b>	<b>(3,970,388)</b>	<b>(2,140,133)</b>
Net assets released from restrictions	11,696,918	(11,696,918)	—
<b>Total support and revenue</b>	<b>14,811,977</b>	<b>(4,142,652)</b>	<b>10,669,325</b>
<b>Expenses:</b>			
Program services	10,660,698	—	10,660,698
Management and general	1,713,658	—	1,713,658
Fundraising	2,931,905	—	2,931,905
<b>Total expenses</b>	<b>15,306,261</b>	<b>—</b>	<b>15,306,261</b>
<b>(Deficit) of support and revenue (under) expenses</b>	<b>(494,284)</b>	<b>(4,142,652)</b>	<b>(4,636,936)</b>
<b>Other fund transfers, net</b>	<b>320,462</b>	<b>(320,462)</b>	<b>—</b>
<b>Change in net assets</b>	<b>(173,822)</b>	<b>(4,463,114)</b>	<b>(4,636,936)</b>
<b>Net assets, beginning of year</b>	<b>14,699,474</b>	<b>144,156,226</b>	<b>158,855,700</b>
<b>Net assets, end of year</b>	<b>\$ 14,525,652</b>	<b>\$ 139,693,112</b>	<b>\$ 154,218,764</b>

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# WASHBURN UNIVERSITY OF TOPEKA

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## STATEMENT OF ACTIVITIES – WASHBURN LAW SCHOOL FOUNDATION For the Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenues:</b>			
Contributions	\$ 76,435	\$ 479,308	\$ 555,743
Investment return, net	(162,628)	(183,738)	(346,366)
Nongift and other income		3,000	3,000
Net assets released from restriction	319,718	(319,718)	—
<b>Total support and revenues (loss)</b>	<b>233,525</b>	<b>(21,148)</b>	<b>212,377</b>
<b>Expenses:</b>			
Program services	329,485	—	329,485
Management and general	160,914	—	160,914
<b>Total expenses</b>	<b>490,399</b>	<b>—</b>	<b>490,399</b>
<b>(Deficit) of support and revenue (under) expenses</b>	<b>(256,874)</b>	<b>(21,148)</b>	<b>(278,022)</b>
<b>Other fund transfers, net</b>	<b>38</b>	<b>(38)</b>	<b>—</b>
<b>Change in net assets</b>	<b>(256,836)</b>	<b>(21,186)</b>	<b>(278,022)</b>
<b>Net assets - beginning of year</b>	<b>2,638,009</b>	<b>4,605,281</b>	<b>7,243,290</b>
<b>Net assets - end of year</b>	<b>\$ 2,381,173</b>	<b>\$ 4,584,095</b>	<b>\$ 6,965,268</b>

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF CASH FLOWS

Page 1 of 2

	For The Years Ended June 30,	
	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Tuition and fees	\$ 33,838,723	\$ 34,956,332
Grants and contracts	41,321	28,438
Auxiliary enterprise charges		
Residential Living	2,932,163	3,418,084
Memorial Union	2,930,987	3,200,158
Sales and services of educational departments	2,039,368	1,754,049
Collection of loans issued to students	93,195	103,725
Other receipts and disbursements	(533,131)	(30,914)
Self-insurance premiums	655,809	1,767,309
Payments to suppliers	(22,305,324)	(20,994,817)
Payments to employees	(65,585,473)	(66,918,797)
Payments for scholarships and fellowships	(4,934,740)	(2,547,516)
Payments for self-insurance claims and administrative fees	(8,459,514)	(8,212,965)
<b>Net Cash Used in Operating Activities</b>	<b>(59,286,616)</b>	<b>(53,476,912)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment income	5,594,807	(2,898,330)
Proceeds from sales and maturities of investments	—	17,245,904
Purchase of investments	—	(8,410,369)
<b>Net Cash Provided by Investing Activities</b>	<b>5,594,807</b>	<b>5,937,205</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
State appropriations	21,210,190	21,057,693
Local appropriations	28,936,724	26,547,613
Gifts and grants for other than capital purposes	28,115,533	41,137,905
Federal Family Education loan receipts	25,064,136	31,070,467
Federal Family Education loan disbursements	(27,914,913)	(31,339,125)
Other payments	(1,152,537)	(1,014,090)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>74,259,133</b>	<b>87,460,462</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from issuance of debt, net	22,120,541	1,292,460
Purchase of capital assets	(12,429,271)	(18,701,520)
Gifts and grants for capital purposes	229,256	224,026
Principal paid on long-term debt	(13,388,968)	(3,698,184)
Interest paid on long-term debt	(1,974,717)	(1,754,706)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(5,443,159)</b>	<b>(22,637,924)</b>
<b>Change in Cash and Cash Equivalents</b>	<b>15,124,165</b>	<b>17,282,830</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>51,383,275</b>	<b>34,100,445</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 66,507,440</b>	<b>\$ 51,383,275</b>

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF CASH FLOWS

Page 2 of 2

	For The Years Ended June 30,	
	2021	2020
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (67,173,916)	\$ (65,435,818)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	10,936,350	10,384,684
Loss on disposal of fixed assets	54,424	112,510
Changes in assets and liabilities:		
Receivables, net	(1,612,314)	(469,231)
Inventories	84,654	(123,873)
Other assets	416,496	108,749
Perkins loans receivable	93,195	119,285
Accounts payable	(1,978,913)	1,539,773
Unearned revenue	(213,560)	(27,088)
Compensated absences	106,968	314,097
<b>Net Cash Used in Operating Activities</b>	<b>\$ (59,286,616)</b>	<b>\$ (53,476,912)</b>
<b>Noncash Investing and Financing Transactions</b>		
Capital additions included in accounts payable	\$ 540,359	\$ 225,296

# WASHBURN UNIVERSITY OF TOPEKA

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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.

#### **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

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements (*Continued*)

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.

Works of art and historical treasures are stated at cost, or if donated, at fair value at the date of the donation. The University does not depreciate artwork, as management believes the value of such has not diminished.

The University has elected to not capitalize certain works of art and historical treasures below a de minimis threshold. For these items, the University adheres to the following policies:

- \* 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, 2021, consists of unearned student fees of \$1,637,552 and deferred capital gifts of \$2,339,173. Unearned revenue at June 30, 2020, consists of unearned student fees of \$1,694,228 and deferred capital gifts of \$2,496,057.

### **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.

### **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.

**Tuition Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of discounts and allowances. Discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is payable by students. Certain grants, including federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues, while Pell grants are recorded as nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a discount and allowance. Financial aid expense represents payments made to students.

**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.

**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.

# WASHBURN UNIVERSITY OF TOPEKA

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## Notes to Financial Statements *(Continued)*

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, 2021 and 2020, the University's cash and cash equivalents consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 45,749,850	\$ 42,368,293
<u>Restricted cash and cash equivalents</u>	<u>20,757,590</u>	<u>9,014,982</u>
	<u>\$ 66,507,440</u>	<u>\$ 51,383,275</u>

Restricted cash and cash equivalents represent 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements (Continued)

At June 30, 2021 and 2020, the University's cash and cash equivalents were held in the following institutions:

	<u>2021</u>	<u>2020</u>
Deposits at financial institutions	\$ 18,989,268	\$ 15,715,503
Deposits in State of Kansas Municipal Investment Pool	47,518,172	35,667,772
	<u>\$ 66,507,440</u>	<u>\$ 51,383,275</u>

The University had no bank balances exposed to custodial credit risk at June 30, 2021 or 2020.

The University maintains deposits with the State of Kansas Municipal Investment Pool (KMIP) throughout the year. Deposits in the amount of \$47,518,172 and \$35,667,772 measured at net asset value, which approximates fair value, at June 30, 2021 and 2020, 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.

Endowment investments reported by the University at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Mutual funds, carried at fair value (cost of \$337,371 and \$338,722 for 2021 and 2020, respectively)	\$ 407,000	\$ 335,855

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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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 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, 2021, the University had mutual funds that are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The University is not exposed to concentration risk at June 30, 2021.

Custodial credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University had no investments exposed to custodial credit risk at June 30, 2021. The University's investments in mutual funds were held in trust in the University's name as of June 30, 2021.

#### 4. **Receivables From and Assets Held by 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributions for scholarships and other activities	\$ 1,371,750	\$ 1,421,471
Held pledges receivable	—	3,914
Restricted endowment income	1,851,616	1,689,247
Unreimbursed costs due to the University - Current	221,730	130,263
University endowment funds managed by the Foundation (see activity below)	30,982,191	25,498,771
	<u>\$ 34,427,287</u>	<u>\$ 28,743,665</u>

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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

	<u>2021</u>	<u>2020</u>
Current receivable from		
Washburn University Foundation	\$ 221,730	\$ 130,263
Noncurrent receivable from		
Washburn University Foundation	34,205,557	28,613,402
	<u>\$ 34,427,287</u>	<u>\$ 28,743,665</u>

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, 2021 and 2020 and for the years then ended is as follows:

	<u>2021</u>	<u>2020</u>
<u>Beginning principal transferred</u>	<u>\$ 23,364,866</u>	<u>\$ 23,364,866</u>
Post-transfer additions, net	5,566,748	5,499,765
Earnings added to corpus	131,455	146,015
<u>Gifts received</u>	<u>141,556</u>	<u>152,758</u>
End of year, at cost	29,204,625	29,163,404
<u>Cumulative net unrealized gains (losses)</u>	<u>1,777,566</u>	<u>(3,664,633)</u>
<u>End of year, at fair value</u>	<u>\$ 30,982,191</u>	<u>\$ 25,498,771</u>

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### 5. Capital Assets

The following is a summary of capital assets for the years ended June 30, 2021 and 2020:

	2021				
	Balance - July 1, 2020	Additions	Retirements	Construction In Progress Placed In Service	Balance - June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 1,444,104	\$ —	\$ —	\$ —	\$ 1,444,104
Works of art and historical treasures	3,952,794	1,226,000	(45,000)	—	5,133,794
Construction in progress	15,182,724	10,561,733	—	(21,568,026)	4,176,431
<b>Total capital assets, not being depreciated</b>	<b>20,579,622</b>	<b>11,787,733</b>	<b>(45,000)</b>	<b>(21,568,026)</b>	<b>10,754,329</b>
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	208,195,839	20,345,002	—	—	228,540,841
Furniture, fixtures and equipment	34,734,497	1,149,956	(333,927)	—	35,550,526
Computers and electronic equipment	22,610,499	795,775	(182,514)	—	23,223,760
Books and collections	21,366,681	—	—	—	21,366,681
Broadcasting tower, antenna and equipment	8,114,052	201,018	—	—	8,315,070
Vehicles	2,113,507	32,875	(14,800)	—	2,131,582
<b>Total capital assets, being depreciated</b>	<b>297,135,075</b>	<b>22,524,626</b>	<b>(531,241)</b>	<b>—</b>	<b>319,128,460</b>
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(108,384,986)	(7,396,612)	—	—	(115,781,598)
Furniture, fixtures and equipment	(28,181,819)	(1,789,573)	326,504	—	(29,644,888)
Computers and electronic equipment	(19,672,340)	(1,382,388)	182,514	—	(20,872,214)
Books and collections	(21,084,571)	(128,208)	—	—	(21,212,779)
Broadcasting tower, antenna and equipment	(7,124,645)	(115,117)	—	—	(7,239,762)
Vehicles	(1,277,441)	(124,452)	14,800	—	(1,387,093)
<b>Total accumulated depreciation</b>	<b>(185,725,802)</b>	<b>(10,936,350)</b>	<b>523,818</b>	<b>—</b>	<b>(196,138,334)</b>
<b>Total capital assets being depreciated, net</b>	<b>111,409,273</b>	<b>11,588,276</b>	<b>(7,423)</b>	<b>—</b>	<b>122,990,126</b>
<b>Total capital assets</b>	<b>\$ 131,988,895</b>	<b>\$ 23,376,009</b>	<b>\$ (52,423)</b>	<b>\$ (21,568,026)</b>	<b>\$ 133,744,455</b>

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

	2020				
	Balance - July 1, 2019	Additions	Retirements	Construction In Progress Placed In Service	Balance - June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 1,444,104	\$ —	\$ —	\$ —	\$ 1,444,104
Works of art and historical treasures	3,811,154	141,640	—	—	3,952,794
Construction in progress	2,982,656	15,573,902	—	(3,373,834)	15,182,724
<b>Total capital assets, not being depreciated</b>	<b>8,237,914</b>	<b>15,715,542</b>	<b>—</b>	<b>(3,373,834)</b>	<b>20,579,622</b>
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	204,776,960	3,418,879	—	—	208,195,839
Furniture, fixtures and equipment	34,051,245	711,326	(28,074)	—	34,734,497
Computers and electronic equipment	20,529,818	2,175,507	(94,826)	—	22,610,499
Books and collections	21,366,682	—	—	—	21,366,682
Broadcasting tower, antenna and equipment	8,114,052	—	—	—	8,114,052
Vehicles	2,393,883	54,099	(334,474)	—	2,113,508
<b>Total capital assets, being depreciated</b>	<b>291,232,640</b>	<b>6,359,811</b>	<b>(457,374)</b>	<b>—</b>	<b>297,135,077</b>
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(101,390,217)	(6,994,769)	—	—	(108,384,986)
Furniture, fixtures and equipment	(26,320,709)	(1,882,473)	21,363	—	(28,181,819)
Computers and electronic equipment	(18,679,384)	(1,087,782)	94,826	—	(19,672,340)
Books and collections	(20,893,392)	(191,180)	—	—	(21,084,572)
Broadcasting tower, antenna and equipment	(7,023,649)	(100,996)	—	—	(7,124,645)
Vehicles	(1,378,634)	(127,484)	228,676	—	(1,277,442)
<b>Total accumulated depreciation</b>	<b>(175,685,985)</b>	<b>(10,384,684)</b>	<b>344,865</b>	<b>—</b>	<b>(185,725,804)</b>
<b>Total capital assets being depreciated, net</b>	<b>115,546,655</b>	<b>(4,024,873)</b>	<b>(112,509)</b>	<b>—</b>	<b>111,409,273</b>
<b>Total capital assets</b>	<b>\$ 123,784,569</b>	<b>\$ 11,690,669</b>	<b>\$ (112,509)</b>	<b>\$ (3,373,834)</b>	<b>\$ 131,988,895</b>

The University had approximately \$30,417,000 and \$14,038,000 at June 30, 2021 and 2020, respectively, in commitments for building construction and other contracts.

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### 6. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the years ended June 30, 2021 and 2020:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
Bonds, capital leases and loans:						
Building revenue bonds	\$ 41,775,000	\$ 20,850,000	\$ 12,480,000	\$ 50,145,000	\$ 2,155,000	\$ 47,990,000
Capital lease	6,768,347	—	908,968	5,859,379	930,337	4,929,042
Total bonds, capital leases, and loans	48,543,347	20,850,000	13,388,968	56,004,379	3,085,337	52,919,042
Other noncurrent liabilities:						
Unamortized bond premium	741,365	1,270,541	315,677	1,696,230	—	1,696,230
Compensated absences	2,186,394	106,968	—	2,293,362	1,722,438	570,924
Unearned revenue	4,190,285	1,913,427	2,126,987	3,976,725	2,142,683	1,834,042
Total other noncurrent liabilities	7,118,044	3,290,936	2,442,664	7,966,317	3,865,121	4,101,196
Total noncurrent liabilities	\$ 55,661,391	\$ 24,140,936	\$ 15,831,632	\$ 63,970,695	\$ 6,950,458	\$ 57,020,238

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
Bonds, capital leases and loans:						
Building revenue bonds	\$ 44,475,000	\$ —	\$ 2,700,000	\$ 41,775,000	\$ 2,855,000	\$ 38,920,000
Capital lease	6,396,728	1,292,460	920,842	6,768,347	908,967	5,859,380
Total bonds, capital leases and loans	50,871,728	1,292,460	3,620,842	48,543,347	3,763,967	44,779,380
Other noncurrent liabilities:						
Unamortized bond premium	818,708	—	77,342	741,365	—	741,365
Compensated absences	1,872,297	314,097	—	2,186,394	1,636,863	549,531
Unearned revenue	4,217,373	2,280,635	2,307,723	4,190,285	2,126,987	2,063,298
Total other noncurrent liabilities	6,908,378	2,594,732	2,385,065	7,118,045	3,763,850	3,354,194
Total noncurrent liabilities	\$ 57,780,106	\$ 3,887,193	\$ 6,005,907	\$ 55,661,391	\$ 7,527,817	\$ 48,133,574

### Building Revenue Bonds

#### Refunding Revenue Bonds - Series 2010

On May 5, 2021, the Series 2010 Refunding Revenue Bonds were defeased in full with proceeds of the Series 2021A-2 Refunding Revenue Bonds and Series 2021B Taxable Refunding Revenue Bonds.

#### Refunding Revenue Bonds - Series 2014

On May 5, 2021, the Series 2014 Refunding Revenue Bonds were defeased in full with proceeds of the Series 2021A-2 Refunding Revenue Bonds and Series 2021B Taxable Refunding Revenue Bonds.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

#### 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 \$670,000 to \$1,340,000, and mature between July 1, 2024 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.

On May 5, 2021, the 2015A Series principal payments due July 1, 2021, July 1, 2022, and July 1, 2023, were defeased in full with proceeds of the Series 2021A-2 Refunding Revenue Bonds and Series 2021B Taxable Refunding Revenue Bonds.

#### 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 remaining outstanding 2015B Series bonds are due in annual principal payments ranging from \$355,000 to \$360,000 and mature between July 1, 2024 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.

On May 5, 2021, the 2015B Series principal payments due July 1, 2021, July 1, 2022, and July 1, 2023, were defeased in full with proceeds of the Series 2021A-2 Refunding Revenue Bonds and Series 2021B Taxable Refunding 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 \$390,000 to \$680,000, and mature between July 1, 2022 and July 1, 2038. Interest payments are payable semi-annually.

## **WASHBURN UNIVERSITY OF TOPEKA**

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### Notes to Financial Statements *(Continued)*

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 2021A-1

On May 5, 2021, the University issued \$10,365,000 in Revenue Bonds, Series 2021A-1 (“2021A-1 Series”), with interest rates of 2.00% to 4.00%. The 2021A-1 Series bonds are due in annual principal payments ranging from \$365,000 to \$665,000, and mature between July 1, 2023 and July 1, 2042. Interest payments are payable semi-annually.

The 2021A-1 Series bonds maturing in the years 2032 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2032.

#### Refunding Revenue Bonds – Series 2021A-2

On May 5, 2021, the University issued \$3,675,000 in Refunding Revenue Bonds, Series 2021A-2 (“2021A-2 Series”), with interest rates of 2.00% to 4.00%. The 2021A-2 Series bonds are due in annual principal payments ranging from \$35,000 to \$555,000, and mature between July 1, 2024 and July 1, 2041. Interest payments are payable semi-annually.

The 2021A-2 Series bonds maturing in the years 2036 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2031.

#### Taxable Refunding Revenue Bonds – Series 2021B

On May 5, 2021, the University issued \$6,810,000 in Taxable Refunding Revenue Bonds, Series 2021B (“2021B Series”), with interest rates of 0.25% to 3.25%. The 2021B Series bonds are due in annual principal payments ranging from \$290,000 to \$1,765,000, and mature between July 1, 2022 and July 1, 2041. Interest payments are payable semi-annually.

The 2021B Series bonds maturing in the years 2036 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2031.

The refundings above resulted in a difference between the reacquisition price and the net carrying amount of the original bonds that was not material. The University completed these refundings to decrease its total debt service payments by approximately \$1,252,656 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$133,254.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

#### Capital Leases

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 \$3,957,974 and \$3,406,415 at June 30, 2021 and 2020, respectively.

On July 19, 2019, the University entered into a capital lease agreement to fund computer equipment purchases and to begin a five-year replacement/refresh cycle to keep desktop and laptop systems current, operational and consistent across campus. The original amount of the four-year lease was \$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.

The annual requirements to repay all bonds (excluding the 2015B Series, which were privately placed) and capital leases outstanding at June 30, 2021, including interest payments, are as follows:

<b>For the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 3,085,337	\$ 1,693,248	\$ 4,778,585
2023	2,707,213	1,649,596	4,356,809
2024	2,909,605	1,595,129	4,504,734
2025	2,710,596	1,519,470	4,230,067
2026	2,821,988	1,416,778	4,238,766
2027-2031	11,969,640	5,686,786	17,656,426
2032-2036	11,180,000	3,617,209	14,797,209
2037-2042	13,825,000	1,365,079	15,190,079
	<b>\$ 51,209,379</b>	<b>\$ 18,543,295</b>	<b>\$ 69,752,674</b>

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements (Continued)

The annual requirements to repay the privately placed 2015B Series outstanding at June 30, 2021, including interest payments, are as follows:

<b>For the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ —	\$ 103,164	\$ 103,164
2023	—	103,164	103,164
2024	355,000	103,164	458,164
2025	360,000	95,527	455,527
2026	370,000	87,781	457,781
2027-2031	1,970,000	315,948	2,285,948
2032-2035	1,740,000	94,666	1,834,666
	<u>\$ 4,795,000</u>	<u>\$ 903,415</u>	<u>\$ 5,698,415</u>

## 7. 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 percent 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, 2021 and 2020 was approximately \$4,431,000 and \$4,693,000, respectively.

## 8. 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 2021 and 2020, 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, 2021 and 2020 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, 2021 and 2020 was approximately \$8,383,000 and \$8,201,000, respectively.

The changes in health care claims payable for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Claims payable - beginning of year	\$ 429,359	\$ 421,393
Incurred claims	6,843,018	6,403,569
<u>Claim payments</u>	<u>(6,882,791)</u>	<u>(6,395,603)</u>
Claims payable - end of year	<u>\$ 389,587</u>	<u>\$ 429,359</u>

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

**9. 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 30. The request by the ED will be made subsequent to the submission of the FISAP, which is due by October 1 of each year following the most recent June 30 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 2021-2022 fiscal year totaled approximately \$75,766 at June 30, 2021, 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, 2022 have not been accrued at June 30, 2021 and will be recognized in expense in the year ended June 30, 2022 when funds are returned.

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### 10. 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, 2021 and 2020.

#### Condensed Combined Statements of Net Position June 30, 2021

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Assets:</b>				
Current assets	\$ 63,809,118	\$ 8,311,333	\$ —	\$ 72,120,451
Noncurrent assets	182,983,363	6,574,261	—	189,557,624
<b>Total Assets</b>	<b>246,792,481</b>	<b>14,885,594</b>	<b>—</b>	<b>261,678,075</b>
<b>Liabilities:</b>				
Current liabilities	12,886,643	659,985	—	13,546,628
Noncurrent liabilities	56,889,029	131,209	—	57,020,238
<b>Total Liabilities</b>	<b>69,775,672</b>	<b>791,194</b>	<b>—</b>	<b>70,566,866</b>
<b>Net Position:</b>				
Net investment in capital assets	84,056,174	6,519,074	—	90,575,248
Restricted - nonexpendable	31,075,913	—	—	31,075,913
Restricted - expendable	20,511,718	1,629,785	—	22,141,503
Unrestricted	41,373,004	5,945,541	—	47,318,545
<b>Total Net Position</b>	<b>\$ 177,016,809</b>	<b>\$ 14,094,400</b>	<b>\$ —</b>	<b>\$ 191,111,209</b>

#### Condensed Combined Statements of Net Position June 30, 2020

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Assets:</b>				
Current assets	\$ 51,369,809	\$ 6,369,182	\$ —	\$ 57,738,991
Noncurrent assets	163,047,090	7,448,389	—	170,495,479
<b>Total Assets</b>	<b>214,416,899</b>	<b>13,817,571</b>	<b>—</b>	<b>228,234,470</b>
<b>Deferred Outflows of Resources</b>	<b>256,356</b>	<b>—</b>	<b>—</b>	<b>256,356</b>
<b>Liabilities:</b>				
Current liabilities	14,872,171	915,666	—	15,787,837
Noncurrent liabilities	48,002,374	131,200	—	48,133,574
<b>Total Liabilities</b>	<b>62,874,545</b>	<b>1,046,866</b>	<b>—</b>	<b>63,921,411</b>
<b>Net Position:</b>				
Net investment in capital assets	76,013,083	6,803,999	—	82,817,082
Restricted - nonexpendable	25,604,947	—	—	25,604,947
Restricted - expendable	12,823,656	987,766	—	13,811,422
Unrestricted	37,357,024	4,978,940	—	42,335,964
<b>Total Net Position</b>	<b>\$ 151,798,710</b>	<b>\$ 12,770,705</b>	<b>\$ —</b>	<b>\$ 164,569,415</b>

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### Condensed Combined Statements of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2021

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Operating Revenues:</b>				
Tuition and fees	\$ 31,619,438	\$ 2,565,726	\$ —	\$ 34,185,164
Auxiliary enterprises	6,019,137	—	—	6,019,137
Other operating revenues	2,303,365	191,526	(100,000)	2,394,891
<b>Total Operating Revenues</b>	<b>39,941,940</b>	<b>2,757,252</b>	<b>(100,000)</b>	<b>42,599,192</b>
<b>Operating Expenses:</b>				
Education and general	72,339,596	10,874,911	(1,118,892)	82,095,615
Depreciation	9,455,062	1,481,288	—	10,936,350
Financial aid	4,430,476	504,264	—	4,934,740
Auxiliary enterprises	4,002,698	—	—	4,002,698
Self-insurance claims, net of premiums	6,784,813	—	1,018,892	7,803,705
<b>Total Operating Expenses</b>	<b>97,012,645</b>	<b>12,860,463</b>	<b>(100,000)</b>	<b>109,773,108</b>
<b>Operating Loss</b>	<b>(57,070,705)</b>	<b>(10,103,211)</b>	<b>—</b>	<b>(67,173,916)</b>
<b>Nonoperating Revenues (Expenses):</b>				
State and local appropriations	42,075,586	8,221,573	—	50,297,159
Grants and contracts	23,399,981	2,966,656	—	26,366,637
Gifts	13,965,560	217,859	—	14,183,419
Investment income	5,664,112	1,840	—	5,665,952
Interest on indebtedness	(1,913,050)	(2,347)	—	(1,915,397)
Other nonoperating expenses	(1,173,863)	21,326	—	(1,152,537)
<b>Net Nonoperating Revenues</b>	<b>82,018,326</b>	<b>11,426,907</b>	<b>—</b>	<b>93,445,233</b>
<b>Income (Loss) Before Other Revenues</b>	<b>24,947,621</b>	<b>1,323,696</b>	<b>—</b>	<b>26,271,317</b>
<b>Capital Grant and Gifts</b>	<b>229,256</b>	<b>—</b>	<b>—</b>	<b>229,256</b>
<b>Additions to permanent endowments</b>	<b>41,221</b>	<b>—</b>	<b>—</b>	<b>41,221</b>
<b>Change in Net Position</b>	<b>25,218,098</b>	<b>1,323,696</b>	<b>—</b>	<b>26,541,794</b>
<b>Net Position - Beginning of Year</b>	<b>151,798,711</b>	<b>12,770,704</b>	<b>—</b>	<b>164,569,415</b>
<b>Net Position - End of Year</b>	<b>\$ 177,016,809</b>	<b>\$ 14,094,400</b>	<b>\$ —</b>	<b>\$ 191,111,209</b>

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### Condensed Combined Statements of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2020

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Operating Revenues:</b>				
Tuition and fees	\$ 34,164,202	\$ 3,325,613	\$ (250)	\$ 37,489,565
Auxiliary enterprises	6,675,889	—	—	6,675,889
Other operating revenues	2,232,844	182,007	(105,200)	2,309,651
<b>Total Operating Revenues</b>	<b>43,072,935</b>	<b>3,507,620</b>	<b>(105,450)</b>	<b>46,475,105</b>
<b>Operating Expenses:</b>				
Education and general	76,522,657	12,949,858	(1,189,990)	88,282,525
Depreciation	8,956,843	1,427,841	—	10,384,684
Financial aid	2,196,093	351,423	—	2,547,516
Auxiliary enterprises	4,250,542	—	—	4,250,542
Self-insurance claims, net of premiums	5,361,116	—	1,084,540	6,445,656
<b>Total Operating Expenses</b>	<b>97,287,251</b>	<b>14,729,122</b>	<b>(105,450)</b>	<b>111,910,923</b>
<b>Operating Loss</b>	<b>(54,214,316)</b>	<b>(11,221,502)</b>	<b>—</b>	<b>(65,435,818)</b>
<b>Nonoperating Revenues (Expenses):</b>				
State and local appropriations	39,670,098	8,282,788	—	47,952,886
Grants and contracts	12,491,796	2,680,766	—	15,172,562
Gifts	11,323,055	576,502	—	11,899,557
Investment income	(3,201,157)	74,694	—	(3,126,463)
Interest on indebtedness	(1,752,094)	(2,612)	—	(1,754,706)
Other nonoperating expenses	(915,973)	(98,814)	—	(1,014,787)
<b>Net Nonoperating Revenues</b>	<b>57,615,725</b>	<b>11,513,324</b>	<b>—</b>	<b>69,129,049</b>
<b>Income (Loss) Before Other Revenues</b>	<b>3,401,409</b>	<b>291,822</b>	<b>—</b>	<b>3,693,231</b>
<b>Capital Grant and Gifts</b>	<b>224,026</b>	<b>—</b>	<b>—</b>	<b>224,026</b>
<b>Additions to permanent endowments</b>	<b>223,466</b>	<b>—</b>	<b>—</b>	<b>223,466</b>
<b>Change in Net Position</b>	<b>3,848,901</b>	<b>291,822</b>	<b>—</b>	<b>4,140,723</b>
<b>Net Position - Beginning of Year</b>	<b>147,949,810</b>	<b>12,478,882</b>	<b>—</b>	<b>160,428,692</b>
<b>Net Position - End of Year</b>	<b>\$ 151,798,711</b>	<b>\$ 12,770,704</b>	<b>\$ —</b>	<b>\$ 164,569,415</b>

## **11. COVID-19**

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and individuals throughout the United States. Further, financial markets have recently experienced significant volatility attributed to COVID-19 concerns. The continued spread of COVID-19 may adversely impact the local, regional, and national economies. The extent to which COVID-19 impacts the University's financial results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent upon the breadth and duration of any forthcoming outbreaks, and the agility of the University's response to the changing needs of our students and staff. Accordingly, management cannot presently estimate the overall operational and financial impact to the University, but such an impact could have a material adverse effect on the financial condition of the University.

## **12. Washburn University Foundation - Accounting Policies and Disclosures**

### **Basis of Financial Presentation**

The Foundation's consolidated financial statements include the accounts of the Foundation, Impact Asset Management, L.L.C. (LLC), and the Washburn University Charitable Gift Fund (Fund) in accordance with accounting principles generally accepted in the United States of America. All significant intercompany transactions have been eliminated in consolidation.

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, 2021 and 2020, 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 equity and private real estate investments are carried at cost, less any adjustments for impairment.

The Foundation has a policy of pooling assets for investment purposes, unless donor restrictions prohibit such pooling. During fiscal year 2020, the Foundation began allocating a portion of investment income from pooled assets to support the Foundation's operations. The amount of investment income allocated for fiscal year 2021 and 2020 was approximately \$1,030,000 and \$1,242,000, respectively. The remaining investment return from pooled assets was generally allocated to each fund in the pool based on its relative market value. This change in policy had no impact on the total amount of investment return, net reflected in the consolidated statement of activities.

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 consolidated statement of financial position and consolidated statement of activities.

All investment income and realized and unrealized gains and losses are reported on the consolidated 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**

On July 1, 2020, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, “ASC 606”), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. Recognition of contributions and bequests is not included in the new guidance under the ASU. The Foundation adopted ASC 606 using the modified retrospective method of adoption. Adoption of the new standard resulted in no substantial changes to accounting policies previously described; in addition, no adjustments to beginning net assets were necessary.

During 2021, the Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, related to resource providers. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. Analysis of the provisions of the standard did not result in any significant changes in the way the Foundation recognizes distributions.

In August 2018, FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modified the disclosure requirements on fair value measurements in ASC 820. The Foundation adopted ASU 2018-13 on July 1, 2020. Adoption of the new standard did not have a material impact on the Foundation’s financial statements.



## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

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

	<u>2021</u>	<u>2020</u>
Beginning fair value	\$ 218,054	\$ 220,300
Sales		
Net change in value	6,024	(2,246)
<u>Ending fair value</u>	<u>\$ 224,078</u>	<u>\$ 218,054</u>

#### Investments at NAV

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

<u>Description</u>	<u>June 30, 2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. equity (a)	\$ 26,299,758	None	Monthly, quarterly	10-60 days
International equity (b)	27,915,062	None	Semi-monthly, monthly	6-31 days
Global equity (c)	22,867,753	None	Weekly, every three years	6-126 days
Alternatives (d)	34,365,291	None	Monthly, quarterly, annually	10-90 days
Public real estate (e)	9,082,196	None	Monthly	15-30 days
Fixed income (f)	19,994,717	None	Daily	1-2 days
	<u>\$ 140,524,777</u>			

<u>Description</u>	<u>June 30, 2020</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. equity (a)	\$ 20,239,629	None	Monthly	15-30 days
International equity (b)	25,048,731	None	Semi-monthly, monthly, quarterly	6-45 days
Global equity (c)	10,227,350	None	Monthly	6 days
Alternatives (d)	29,021,730	None	Semi-monthly, monthly, quarterly, annually	2-90 days
Public real estate (e)	6,362,957	None	Monthly	15-30 days
Fixed income (f)	20,778,251	None	Daily, monthly	2-5 days
	<u>\$ 111,678,648</u>			

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

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

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements (*Continued*)

- (c) This category includes an investment in a commingled account and an open-ended investment company, both with a Global Value Strategy.
- (d) This category includes investments in offshore funds, limited partnerships and a commingled account with strategies including Long/Short Equity Fund of Funds; Multi-Strategy, Event Driven; Multi-Strategy, Fixed Income Arbitrage; Multi-Strategy, Credit; Global Macro, Systematic Directional; 130/30; 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 commingled accounts 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 and a limited liability company with an income/capital appreciation strategy.

#### Private Placement Investments

Private placement investments include private equity and private real estate investments. These investments are recorded in the Foundation financial statements at cost, less any impairment adjustment, in the absence of readily determinable fair market values.

The Foundation's private placement investments are susceptible to changes in the U.S. and foreign economies. Management evaluates each investment, considering the near-term prospects of the investee, the age of the investment, and the Foundation's estimated future cash inflows from the investments. As a result of this evaluation, in the fiscal year 2020 the Foundation determined that the value of seven of the private investments were impaired and, accordingly, reduced the carrying value of these investments in the amount of \$4,390,875. The impairment adjustment resulted in a reduction of Foundation investment income of \$3,282,906 and a reduction of investment income on agency funds held for the University and Law School Foundation of \$1,107,969 during 2020. Cumulative impairment adjustments on these investments since inception totaled \$5,679,773.

The private placement investees provide the Foundation with capital account information based on the estimated value of the underlying investments. The cumulative value as reported by the investees totaled approximately \$37,186,000 as of June 30, 2021, which indicates a net unrealized gain of \$11,014,512. The net unrealized gain is composed of gross unrealized gains of \$11,454,472 and gross unrealized losses of \$(439,960).

The Foundation has unfunded commitments on private placement investment funds of approximately \$17,000,000 at June 30, 2021.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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 of income (loss) allocated to agency funds are as follows:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 3,304,017	\$ 2,156,353
Net realized gain	6,801,639	2,771,334
Change in net unrealized (loss) gain	19,661,022	(4,210,210)
Permanent impairment on private placement investments	—	(3,282,906)
Investment expense	(902,355)	(705,420)
	<u>\$ 28,864,323</u>	<u>\$ (3,270,849)</u>

#### Pledges Receivable

The Foundation estimates pledges receivable will be collected as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 2,995,411	\$ 2,323,165
Receivable in one to five years	7,185,569	5,402,659
Thereafter	13,963,330	8,031,523
	24,144,310	15,757,347
Less allowance for uncollectible pledges	(127,245)	(138,626)
Less unamortized discount	(3,393,506)	(1,948,448)
	<u>\$ 20,623,559</u>	<u>\$ 13,670,273</u>

Pledges receivable are discounted at 1.2% and 0.6% in 2021 and 2020, respectively, except for one long-term pledge (18 years) in the amount of approximately \$4,000,000, which is discounted at a rate of 3.4% in 2021 and 2.6% in 2020.

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.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

	<u>2021</u>	<u>2020</u>
Pledges receivable, beginning	\$ 13,670,273	\$ 12,234,470
New pledges	12,240,680	3,725,432
Pledge payments received	(2,709,792)	(3,972,702)
Pledges written off	(41,626)	(92,886)
Transfers to bequest receivable	(550,000)	—
Reclassifications and change in discount	(1,985,976)	1,775,959
	<hr/>	<hr/>
Pledges receivable, ending	\$ 20,623,559	\$ 13,670,273

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 \$6,800,000 (unaudited). This deferred gift has not been included in the accompanying financial statements in accordance with current accounting guidance.

#### **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.

	<u>2021</u>	<u>2020</u>
Perpetual trusts	\$ 9,725,074	\$ 7,854,895
Charitable remainder trusts	180,422	141,019
Charitable lead trust	974,223	1,307,696
	<hr/>	<hr/>
	\$ 10,879,719	\$ 9,303,610

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

	<u>2021</u>	<u>2020</u>
Beginning fair value	\$ 9,303,610	\$ 6,988,068
Distributions to Foundation	(587,595)	(380,869)
Change in value in beneficial interest	2,163,704	531,393
Transfer of trust from bequest receivable	—	2,165,018
	<hr/>	<hr/>
Ending fair value	\$ 10,879,719	\$ 9,303,610

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### Net Assets and Agency Funds

Net assets and agency funds by purpose and type are as follows at June 30:

2021	With Donor Restrictions			Without Donor Restrictions	Foundation Total Net Assets	Agency Funds (Related Parties)	Total	%
	Perpetual	Spendable	Pledge Receivables					
Scholarship	\$ 80,623,141	\$ 3,824,138	\$ 3,917,222	\$ —	\$ 88,364,501	\$ 28,114,985	\$ 116,479,486	50.4 %
Student support	1,095,090	432,466	134,988	—	1,662,544	92,399	1,754,943	0.8
Program support	22,583,929	4,246,377	1,240,383	—	28,070,689	3,577,696	31,648,385	13.8
Faculty support	4,929,008	151,399	—	—	5,080,407	238,962	5,319,369	2.3
Professorship/Chairs	13,023,637	550,000	423,099	—	13,996,736	4,250,823	18,247,559	8.2
Capital	1,956,857	9,811,336	14,860,465	—	26,628,658	134,394	26,763,052	10.1
Restricted for time purposes	—	—	30,400	—	30,400	14,169	44,569	0.1
Area of greatest need:								
Undesignated	—	—	—	16,580,745	16,580,745	4,155,168	20,735,913	9.4
Other	—	1,933,763	—	—	1,933,763	—	1,933,763	0.2
Perpetual endowment	4,038,469	—	—	—	4,038,469	2,236,618	6,275,087	3.3
Undistributed income subject to spending policy	4,280,781	—	—	—	4,280,781	(62,549)	4,218,232	1.4
	\$ 132,530,912	\$ 20,949,479	\$ 20,606,557	\$ 16,580,745	\$ 190,667,693	\$ 42,752,665	\$ 233,420,358	100.0 %

2020	With Donor Restrictions			Without Donor Restrictions	Foundation Total Net Assets	Agency Funds (Related Parties)	Total	%
	Perpetual	Spendable	Pledge Receivables					
Scholarship	\$ 65,093,270	\$ 2,683,421	\$ 4,661,996	\$ —	\$ 72,438,687	\$ 23,267,842	\$ 95,706,529	50.4 %
Student support	897,114	373,915	251,959	—	1,522,988	81,107	1,604,095	0.8
Program support	18,517,550	3,879,602	772,153	—	23,169,305	3,060,658	26,229,963	13.8
Faculty support	4,040,657	154,249	570	—	4,195,476	207,653	4,403,129	2.3
Professorship/Chairs	10,525,625	32	1,407,416	—	11,933,073	3,677,586	15,610,659	8.2
Capital	1,635,140	11,018,273	6,456,409	—	19,109,822	117,817	19,227,639	10.1
Restricted for time purposes	—	—	59,522	—	59,522	30,839	90,361	0.1
Area of greatest need:								
Undesignated	—	—	—	14,525,652	14,525,652	3,322,910	17,848,562	9.4
Other	—	396,951	—	—	396,951	—	396,951	0.2
Perpetual endowment	4,033,238	—	—	—	4,033,238	2,229,120	6,262,358	3.3
Undistributed income subject to spending policy	2,834,050	—	—	—	2,834,050	(416,862)	2,417,188	1.4
	\$ 107,576,644	\$ 18,506,443	\$ 13,610,025	\$ 14,525,652	\$ 154,218,764	\$ 35,578,670	\$ 189,797,434	100.0 %

### Endowment Funds

The Foundation's endowment consists of approximately 800 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

The Foundation has a policy of appropriating for distribution an amount which normally makes available a percentage (4.65% in 2021 and 4.75% in 2020) 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 2021, 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:

	<u>2021</u>	<u>2020</u>
Fair value of underwater endowment funds	\$ 27,846,760	\$ 53,177,300
Original endowment gift amount	34,408,830	67,628,587
Deficiencies of underwater endowment funds	<u>\$ 6,562,070</u>	<u>\$ 14,451,287</u>

Composition and changes in endowment net assets for the year ended June 30, 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>June 30, 2021 Total</b>
Endowment net assets, beginning of year	\$ 882,897	\$ 86,056,454	\$ 86,939,351
Investment return, net	139,050	21,970,886	22,109,936
Contributions	—	2,102,513	2,102,513
Appropriation of endowment assets for expenditure	(455,772)	(4,511,218)	(4,966,990)
Other changes:			
Release from time restriction	359,235	(359,235)	—
Endowment net assets, end of year	<u>\$ 925,410</u>	<u>\$ 105,259,400</u>	<u>\$ 106,184,810</u>

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

Composition and changes in endowment net assets for the year ended June 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>June 30, 2020 Total</b>
Endowment net assets, beginning of year	\$ 585,413	\$ 91,432,030	\$ 92,017,443
Investment return, net	23,050	(4,129,819)	(4,106,769)
Contributions	—	3,722,955	3,722,955
Appropriation of endowment assets for expenditure	(108,769)	(4,585,509)	(4,694,278)
Other changes:			
Release from time restriction	383,203	(383,203)	—
<b>Endowment net assets, end of year</b>	<b>\$ 882,897</b>	<b>\$ 86,056,454</b>	<b>\$ 86,939,351</b>

### **Related Parties**

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, 2021 and 2020, the Foundation owes the University \$221,730 and \$130,263 respectively, for amounts related to outstanding billings on private gift funds and reimbursement of operating expenses.

During 2021 and 2020, the Foundation provided direct support in the amount of \$11,562,205 and \$10,005,498, respectively, 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 2021 and 2020.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements *(Continued)*

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

	<u>2021</u>	<u>2020</u>
Fair market value of agency accounts, beginning of year	\$ 35,578,670	\$ 39,472,724
Contributions	313,066	788,737
Non-gift income	143,326	109,922
Investment return, net	9,453,444	(1,963,013)
Distributions	(1,958,162)	(1,994,599)
Expense allocation for administration and fundraising	(777,679)	(835,101)
Fair market value of agency accounts, end of year	<u>\$ 42,752,665</u>	<u>\$ 35,578,670</u>

### 13. 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**

During 2021, the Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, related to resource providers. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. Analysis of the provisions of the standard did not result in any significant changes in the way the Foundation recognizes distributions.

## WASHBURN UNIVERSITY OF TOPEKA

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### Notes to Financial Statements (Continued)

In August 2018, FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modified the disclosure requirements on fair value measurements in ASC 820. The Foundation adopted ASU 2018-13 on July 1, 2020. Adoption of the new standard did not have a material impact on the Foundation's financial statements or disclosures.

#### 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.

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 and the statement of activities.

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:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 169,604	\$ 34,298
Net realized gain	463,155	177,252
Change in unrealized (loss) gain	1,370,373	(287,819)
Permanent impairment on private placement investments	—	(225,758)
Investment expense	(59,950)	(44,339)
	<u>\$ 1,943,182</u>	<u>\$ (346,366)</u>

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# WASHBURN UNIVERSITY OF TOPEKA

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## SCHEDULE 1 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET

### General Fund

For the Years Ended June 30, 2021 and 2020

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Tuition and fees	\$ 48,746,779	\$ 47,589,585	\$ 51,137,620
Income from endowment fund	853,839	1,069,879	1,155,162
Sales tax and other taxes	18,495,748	18,495,748	19,829,693
State appropriations	10,992,530	12,445,987	12,213,922
Other income	3,243,401	2,904,231	3,305,372
Use of reserves	2,493,321	—	—
<b>Total Revenues</b>	<u>84,825,618</u>	<u>82,505,430</u>	<u>87,641,769</u>
<b>Expenditures:</b>			
Instruction	39,152,946	33,523,377	35,308,024
Public service, academic support and research	13,088,750	14,625,345	15,659,933
Student services	10,482,499	10,815,412	10,593,698
Institutional support	6,726,233	6,097,930	6,852,751
Maintenance of plant	8,146,212	7,212,678	7,616,566
Scholarships and fellowships	4,585,997	7,087,372	6,280,563
Other expenses and transfers	8,642,981	4,301,531	1,887,775
<b>Total Expenditures</b>	<u>90,825,618</u>	<u>83,663,645</u>	<u>84,199,310</u>
<b>Change in Net Position</b>	<u>\$ (6,000,000)</u>	(1,158,215)	3,442,459
<b>Net Position - Beginning of Year</b>		<u>17,523,819</u>	<u>14,081,360</u>
<b>Net Position - End of Year</b>		<u>\$ 16,365,604</u>	<u>\$ 17,523,819</u>

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# WASHBURN UNIVERSITY OF TOPEKA

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## SCHEDULE 2 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET

### Debt Retirement and Construction Fund For the Year Ended June 30, 2021 and 2020

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Ad valorem property and other taxes	\$ 4,176,239	\$ 4,689,628	\$ 4,565,119
Bond Proceeds	—	11,213,313	—
Transfer from other funds - debt service	5,412,788	3,899,597	4,889,171
<b>Total Revenues</b>	<u>9,589,027</u>	<u>19,802,538</u>	<u>9,454,290</u>
<b>Expenditures:</b>			
Bond principal	2,855,000	2,140,000	2,700,000
Lease principal	648,912	908,967	920,842
Interest and commissions on bonds	1,659,640	1,968,588	1,771,715
Transfers for construction, repairs or equipping of new or existing buildings	4,600,000	3,463,000	3,305,057
Other	—	336,775	—
<b>Total Expenditures</b>	<u>9,763,552</u>	<u>8,817,330</u>	<u>8,697,614</u>
<b>Change in Net Position</b>	<u>\$ (174,525)</u>	10,985,208	756,676
<b>Net Position - Beginning of Year</b>		<u>830,286</u>	<u>73,610</u>
<b>Net Position - End of Year</b>		* <u>\$ 11,815,494</u>	* <u>\$ 830,286</u>

\* Note: Net position balance includes unspent Series 2021A-1 Revenue Bond proceeds that are restricted for and will be used to fund the Law School Building project during FY 2022.

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**WASHBURN UNIVERSITY OF TOPEKA**

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**SCHEDULE 3 - REVENUES, EXPENDITURES, AND  
COMPARISON WITH BUDGET**

**Tort Claim Liability Fund**

**For the Year Ended June 30, 2021 and 2020**

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Ad valorem property and other taxes	\$ 392,244	\$ 389,027	\$ 362,357
Investment income	5,000	—	—
<b>Total Revenues</b>	<u>397,244</u>	<u>389,027</u>	<u>362,357</u>
<b>Expenditures:</b>			
Insurance premium	190,000	311,469	299,359
Litigation expense	200,000	—	311,297
Other	490,000	142,314	171,312
<b>Total Expenditures</b>	<u>880,000</u>	<u>453,783</u>	<u>781,969</u>
<b>Change in Net Position</b>	<u>\$ (482,756)</u>	(64,756)	(419,612)
<b>Net Position - Beginning of Year</b>		<u>552,360</u>	<u>971,972</u>
<b>Net Position - End of Year</b>		<u>\$ 487,604</u>	<u>\$ 552,360</u>

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**WASHBURN UNIVERSITY OF TOPEKA**

**SCHEDULE 4 - REVENUES, EXPENDITURES, AND  
COMPARISON WITH BUDGET**

**Sales Tax Smoothing Fund**

**For the Year Ended June 30, 2021 and 2020**

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Sales tax and other taxes	\$ 2,249,105	\$ 4,622,566	\$ 1,248,295
<b>Expenditures:</b>			
Transfer to building construction fund	4,000,000	—	—
Transfer to capital improvement fund	500,000	—	—
Other expenses	2,000,000	—	—
<b>    Total Expenditures</b>	<u>6,500,000</u>	<u>—</u>	<u>—</u>
<b>Change in Net Position</b>	<u>\$ (4,250,895)</u>	4,622,566	1,248,295
<b>Net Position - Beginning of Year</b>		<u>14,658,189</u>	<u>13,409,894</u>
<b>Net Position - End of Year</b>		<u>\$ 19,280,755</u>	<u>\$ 14,658,189</u>

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**SCHEDULE 5 - REVENUES, EXPENDITURES, AND  
COMPARISON WITH BUDGET**

**Capital Improvement Fund**

**For the Year Ended June 30, 2021 and 2020**

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Sales tax revenue transfers	\$ 890,000	\$ 890,000	\$ 890,000
Transfer from smoothing fund	500,000	—	—
Transfer from general fund	250,000	—	—
<b>Total Revenues</b>	<u>1,640,000</u>	<u>890,000</u>	<u>890,000</u>
<b>Expenditures:</b>			
Capital expenses	250,000	—	—
Non-mandatory transfers	890,000	890,000	890,000
Other expenses	500,000	—	—
<b>Total Expenditures</b>	<u>1,640,000</u>	<u>890,000</u>	<u>890,000</u>
<b>Change in Net Position</b>	<u>\$ —</u>	—	—
<b>Net Position - Beginning of Year</b>		—	—
<b>Net Position - End of Year</b>		<u>\$ —</u>	<u>\$ —</u>

**WASHBURN UNIVERSITY OF TOPEKA**

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**SCHEDULE 6 - REVENUES, EXPENDITURES, AND  
COMPARISON WITH BUDGET**

**Washburn Institute of Technology**

**General Fund**

**For the Year Ended June 30, 2021 and 2020**

	<b>FY 2021 Budget</b>	<b>FY 2021 Actual</b>	<b>FY 2020 Actual</b>
<b>Revenues:</b>			
Tuition and fees	\$ 4,240,912	\$ 3,354,478	\$ 4,329,798
Vocational state aid	7,952,753	8,045,258	8,107,221
Vocational capital outlay	176,315	176,315	175,567
Interest on investments	25,500	1,840	74,694
Other sales and services	284,510	191,761	194,315
Use of reserves	750,000	—	—
<b>Total Revenues</b>	<b>13,429,990</b>	<b>11,769,652</b>	<b>12,881,596</b>
<b>Expenditures:</b>			
Instruction	6,915,661	5,752,260	6,473,417
Academic support	1,525,956	901,725	1,203,038
Student services	1,200,214	1,023,201	1,052,575
Institutional support	793,836	818,848	1,709,958
Maintenance of plant	1,551,383	1,503,341	1,489,544
Other expenses and transfers	2,442,940	803,675	753,401
<b>Total Expenditures</b>	<b>14,429,990</b>	<b>10,803,051</b>	<b>12,681,933</b>
<b>Change in Net Position</b>	<b>\$ (1,000,000)</b>	<b>966,602</b>	<b>199,663</b>
<b>Net Position - Beginning of Year</b>		<b>5,006,269</b>	<b>4,806,606</b>
<b>Net Position - End of Year</b>		<b>\$ 5,972,871</b>	<b>\$ 5,006,269</b>

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# WASHBURN UNIVERSITY OF TOPEKA

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## SCHEDULE 7 - REVENUES, EXPENDITURES, AND COMPARISON WITH BUDGET

### Auxiliary Enterprises

For the Year Ended June 30, 2021 and 2020

	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
<b>Revenues:</b>			
Room rental income	\$ 4,853,053	\$ 3,302,770	\$ 3,652,734
Ichabod Shop	2,260,924	2,068,984	2,138,081
Dining	599,327	354,480	521,379
Other Income	801,049	710,000	710,000
<b>Total Revenues</b>	<u>8,514,353</u>	<u>6,436,234</u>	<u>7,022,194</u>
<b>Expenditures:</b>			
Debt Service	3,020,170	2,605,378	2,208,105
Salaries, wages and benefits	1,539,111	1,248,838	1,494,697
Cost of goods sold	1,476,900	1,530,116	1,558,950
Utilities, telephone and cable	1,102,084	708,341	791,790
Repairs and maintenance	259,707	341,186	54,304
Scholarships	146,921	181,623	178,867
Supplies and materials	112,590	65,420	73,444
Insurance	98,562	98,093	82,154
Other expenses	2,158,308	249,991	681,113
<b>Total Expenditures</b>	<u>9,914,353</u>	<u>7,028,986</u>	<u>7,123,424</u>
<b>Change in Net Position</b>	<u>\$ (1,400,000)</u>	(592,752)	(101,230)
<b>Net Position - Beginning of Year</b>		<u>3,088,333</u>	<u>3,189,563</u>
<b>Net Position - End of Year</b>		<u>\$ 2,495,581</u>	<u>\$ 3,088,333</u>