

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Financial Statements

Years Ended June 30, 2012 and 2011
with Independent Auditors' Report

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

To the Board of Trustees
Kansas Wesleyan University:

We have audited the accompanying statements of financial position of Kansas Wesleyan University, Salina, Kansas (a not-for-profit organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Wesleyan University as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements of Kansas Wesleyan University referred to in the first paragraph taken as a whole. The supplemental information contained on pages 17 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Kennedy and Coe, LLC

Salina, Kansas
October 3, 2012

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Exhibit A

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 1,468,870	\$ 1,405,315
Short-term investments, at market value (Note 2)	1,067,934	1,160,085
Accounts receivable, less allowance for uncollectible accounts - 2012 - \$30,000; 2011 - \$20,000	605,806	136,220
Unconditional promises to give, less allowance for uncollectible pledges - 2012 - \$15,000; 2011 - \$15,000 (Note 3)	1,080,256	253,847
Notes receivable, less allowance for uncollectible notes - 2012 - \$170,000; 2011 - \$170,000	871,577	953,889
Bond issuance cost, less accumulated amortization - 2012 - \$29,217; 2011 - \$23,490 (Note 6)	57,145	62,872
Long-term investments, at market value (Note 2)	15,177,732	15,286,141
Beneficial interests in perpetual and charitable remainder trusts (Note 4)	7,537,202	7,602,488
Property, plant and equipment, less accumulated depreciation - 2012 - \$12,050,896; 2011 - \$11,244,219 (Note 5)	23,364,497	23,324,503
Other assets	234,624	185,558
Totals	\$ 51,465,643	\$ 50,370,918
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,434,684	\$ 1,181,883
Deposits, advance enrollments and deferred income	408,289	370,718
Deposits held in custody for others	205,403	145,877
Federal loan programs refundable	896,014	897,012
Bonds payable (Note 6)	4,392,557	4,790,163
Liability for future annuity payments	95,204	84,437
Total Liabilities	7,432,151	7,470,090
NET ASSETS		
Unrestricted		
Available for operations	2,942,846	3,045,313
Investment in property, plant and equipment	18,919,334	18,481,735
Student loan funds	117,826	125,720
Total Unrestricted Net Assets	21,980,006	21,652,768
Temporarily Restricted		
Endowed funds	3,258,486	3,303,945
Special projects and purposes	935,577	346,172
Total Temporarily Restricted Net Assets	4,194,063	3,650,117
Permanently Restricted		
Endowed funds	17,852,363	17,591,435
Special projects and purposes	7,060	6,508
Total Permanently Restricted Net Assets	17,859,423	17,597,943
Total Net Assets	44,033,492	42,900,828
Totals	\$ 51,465,643	\$ 50,370,918

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

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Reclassifications				
Educational and General				
Gross tuition and fees	\$ 15,810,135	\$ -	\$ -	\$ 15,810,135
Less: Scholarships and other aid	(6,634,491)	-	-	(6,634,491)
Net tuition and fees	9,175,644	-	-	9,175,644
Gifts and bequests	744,486	1,210,087	325,215	2,279,788
Grant and student assistance income	191,502	13,104	-	204,606
Investment gains (losses), net	(40,054)	(469,881)	551	(509,384)
Change in value of split-interest agreements	6,488	-	(65,286)	(58,798)
Investment income	57,575	307,914	-	365,489
Investment income from split-interest agreements	18,866	325,775	-	344,641
Interest on loans receivable	24,700	-	-	24,700
Other sources	49,043	17,916	-	66,959
Total Educational and General	10,228,250	1,404,915	260,480	11,893,645
Auxiliary enterprises	3,869,346	-	-	3,869,346
Independent operations	124,238	-	-	124,238
Total Revenues and Gains	14,221,834	1,404,915	260,480	15,887,229
Net assets released from restrictions	808,467	(808,467)	-	-
Reclassifications	-	(1,000)	1,000	-
Total Revenues, Gains and Reclassifications	15,030,301	595,448	261,480	15,887,229
Expenses				
Educational and General				
Instruction	3,490,502	-	-	3,490,502
Academic support	534,091	-	-	534,091
Student services	1,474,744	-	-	1,474,744
Athletics	1,687,092	-	-	1,687,092
Institutional support	3,009,441	-	-	3,009,441
Plant maintenance	1,094,919	-	-	1,094,919
Other expenses	325,641	-	-	325,641
Total Educational and General	11,616,430	-	-	11,616,430
Auxiliary enterprises	2,155,718	-	-	2,155,718
Independent operations	124,238	51,502	-	175,740
Total Expenses	13,896,386	51,502	-	13,947,888
Excess of Revenues over Expenses				
Before Depreciation	1,133,915	543,946	261,480	1,939,341
Depreciation Expense	806,677	-	-	806,677
Total Change in Net Assets	327,238	543,946	261,480	1,132,664
Net Assets, Beginning of Year	21,652,768	3,650,117	17,597,943	42,900,828
Net Assets, End of Year	\$ 21,980,006	\$ 4,194,063	\$ 17,859,423	\$ 44,033,492

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

Year Ended June 30, 2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 14,337,165	\$ -	\$ -	\$ 14,337,165
(5,629,269)	-	-	(5,629,269)
8,707,896	-	-	8,707,896
374,171	191,408	98,887	664,466
191,039	-	-	191,039
(39,023)	2,771,284	547	2,732,808
19,111	-	766,735	785,846
97,597	234,281	-	331,878
18,697	316,906	-	335,603
20,542	-	-	20,542
100,377	-	-	100,377
9,490,407	3,513,879	866,169	13,870,455
3,198,896	-	-	3,198,896
121,319	28,513	-	149,832
12,810,622	3,542,392	866,169	17,219,183
663,714	(663,714)	-	-
-	-	-	-
13,474,336	2,878,678	866,169	17,219,183
3,357,022	-	-	3,357,022
582,473	-	-	582,473
1,424,802	-	-	1,424,802
1,542,591	-	-	1,542,591
2,406,809	-	-	2,406,809
1,217,617	-	-	1,217,617
342,801	-	-	342,801
10,874,115	-	-	10,874,115
1,726,267	-	-	1,726,267
121,319	-	-	121,319
12,721,701	-	-	12,721,701
752,635	2,878,678	866,169	4,497,482
761,763	-	-	761,763
(9,128)	2,878,678	866,169	3,735,719
21,661,896	771,439	16,731,774	39,165,109
<u>\$ 21,652,768</u>	<u>\$ 3,650,117</u>	<u>\$ 17,597,943</u>	<u>\$ 42,900,828</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Exhibit C

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2012	2011
Cash Flows from Operating Activities		
Change in net assets (Exhibit B)	\$ 1,132,664	\$ 3,735,719
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation of property, plant, and equipment	806,677	761,763
Adjustment to federal share of net revenue of federal loan programs	(998)	6,763
Net (gains) losses on investments and other assets	509,384	(2,732,808)
Contributions restricted for long-term investment and endowment	(1,576,417)	(184,660)
Net (gains) losses from beneficial interests in perpetual and charitable remainder trusts	65,286	(766,735)
Amortization of bond issuance cost and discount	13,121	13,142
(Increase) in accounts receivable	(469,586)	(83,868)
(Increase) decrease in unconditional promises to give	(826,409)	26,324
(Increase) decrease in other assets	(48,515)	47,210
Increase (decrease) in accounts payable and accrued expenses	299,745	(101,440)
Increase in deposits, advance enrollments and deferred income	37,571	1,065
Increase (decrease) in annuity liability	10,767	(19,112)
Total Adjustments	(1,179,374)	(3,032,356)
Net Cash Provided by (Used in) Operating Activities	(46,710)	703,363
Cash Flows from Investing Activities		
Net changes in short-term investments	52,097	756,158
Proceeds from sale and maturities of long-term investments	291,874	310,556
Purchase of long-term investments	(653,346)	(819,306)
Disbursements of loans to students	(94,725)	(85,025)
Repayments of loans from students	177,037	161,930
Expenditures for property, plant and equipment	(821,135)	(615,330)
Net Cash Provided by (Used in) Investing Activities	(1,048,198)	(291,017)
Cash Flows from Financing Activities		
Contributions restricted for long-term investment and endowment	1,576,417	184,660
Payment on accounts payable for property and equipment	(72,480)	-
Repayment of federal loan program funds	-	(116,644)
Principal payments on debt	(405,000)	(385,000)
Increase (decrease) in deposits held in custody for others	59,526	(528)
Net Cash Provided by (Used in) Financing Activities	1,158,463	(317,512)
Net Increase (Decrease) in Cash and Cash Equivalents	63,555	94,834
Cash and Cash Equivalents, Beginning of Year	1,405,315	1,310,481
Cash and Cash Equivalents, End of Year	\$ 1,468,870	\$ 1,405,315

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

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

1. Summary of Significant Accounting Policies

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

a. Financial Statement Presentation

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

b. Fund Accounting

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

c. Accounts Receivable

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

d. Contributions and Other Financial Support

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

e. Notes Receivable

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

Interest income is accrued on the unpaid principal balance on a simple interest basis. The University has receivables of \$150,875 and \$287,205 at June 30, 2012 and 2011, respectively, which are past due ninety days or more and still accruing interest.

f. Investments

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

g. Split-Interest Agreements

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

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

h. Acquisition of Property, Plant and Equipment

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

i. Depreciation of Property, Plant and Equipment

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

j. Bond Issuance Costs

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

k. Income Tax

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

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

The University files a Federal Exempt Organization Income Tax Return. Income tax returns of the University are subject to U.S. federal income tax examinations by tax authorities, generally for three years after they were filed.

l. Use of Estimates

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

m. Cash Equivalents

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

n. Advertising

Advertising costs are charged to expense as incurred. The amount expensed during the years ended June 30, 2012 and 2011, was \$155,155 and \$144,634, respectively.

2. Investments

Short-term investments consist of the following:

	Market Value at June 30,	
	2012	2011
<u>Current Unrestricted Fund</u>		
Mutual funds	\$ 10,650	\$ 9,638
Certificate of deposit	400,000	600,000
U.S. Government and Agency Securities	-	100,001
Corporate bonds	657,284	360,621
Total	<u>1,067,934</u>	<u>1,070,260</u>
<u>Agency Fund</u>		
Certificate of deposit	<u>-</u>	<u>89,825</u>
Total Short-Term Investments	<u>1,067,934</u>	<u>1,160,085</u>

Long-term investments consist of the following:

	<u>Market Value at June 30,</u>	
	<u>2012</u>	<u>2011</u>
<u>Current Unrestricted Fund</u>		
Corporate Bonds	\$ -	\$ 155,593
<u>Agency Fund</u>		
Certificate of deposit	<u>175,283</u>	<u>42,820</u>
<u>Restricted Fund - RSVP</u>		
Mutual funds	101,549	107,153
Greater Salina Community Foundation	<u>16,174</u>	<u>16,230</u>
Total Restricted Fund - RSVP	<u>117,723</u>	<u>123,383</u>
<u>Kansas Wesleyan Foundation</u>		
Held and managed by financial institutions:		
Cash and cash equivalents	613,590	745,809
U.S. Government and Agency Securities	792,071	852,553
Corporate bonds	2,534,549	2,153,575
Corporate stocks	3,946,795	4,047,786
Mutual funds	6,889,368	7,032,220
Real estate	<u>45,801</u>	<u>70,287</u>
Total Held and Managed by Financial Institutions	<u>14,822,174</u>	<u>14,902,230</u>
Other		
Mutual funds	48,015	46,757
Greater Salina Community Foundation	<u>14,537</u>	<u>15,358</u>
Total Other	<u>62,552</u>	<u>62,115</u>
Total Long-Term Investments	<u>\$ 15,177,732</u>	<u>\$ 15,286,141</u>

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

3. Unconditional Promises to Give

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

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Promises to Give Expected to Be Collected In:		
Less than one year	\$ 276,008	\$ 235,505
One to five years	849,923	35,900
	<u>1,125,931</u>	<u>271,405</u>
Less: Discounts to net present value	(30,675)	(2,558)
Less: Allowance for uncollectible promises to give	<u>(15,000)</u>	<u>(15,000)</u>
Net Unconditional Promises to Give	<u>\$ 1,080,256</u>	<u>\$ 253,847</u>

Unconditional promises to give with due dates extending beyond one year are discounted using the applicable federal mid-term rate. The applicable rates at June 30, 2012 and 2011 were 1.07% and 2.27%, respectively.

4. Fair Value Measurements

The University determines the fair value of investments and annuity liability using three broad levels of input as defined by related accounting standards. The accounting standards define a fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

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

In accordance with the standard, the University has classified its investments and annuity liability into these levels depending on the inputs used to determine their fair values. The University's fair value hierarchy for these certain assets and liabilities measured at fair value is as follows at June 30, 2012 and 2011:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2012</u>			
Assets:			
Investments	\$ 15,026,082	\$ -	\$ -
Beneficial interest in perpetual trusts	-	-	7,310,898
Beneficial interest in charitable remainder trust	-	-	226,304
Assets held at Greater Salina Community Foundation	-	30,711	-
Liabilities:			
Annuity liabilities	-	-	95,204
<u>June 30, 2011</u>			
Assets:			
Investments	\$ 14,936,185	\$ -	\$ -
Beneficial interest in perpetual trusts	-	-	7,361,067
Beneficial interest in charitable remainder trust	-	-	241,421
Assets held at Greater Salina Community Foundation	-	31,588	-
Liabilities:			
Annuity liabilities	-	-	84,437

Beneficial Interest in Perpetual Trusts

The University has a beneficial income interest in perpetual trusts administered by third parties. The income earned from these trusts is available for institutional purposes as determined by donor restrictions. Beneficial interests are recognized in the financial statements at the fair value of net assets held in the trusts, which approximates the present value of the future cash flows of the trusts. Changes in market value could have a significant impact on the estimate in the financial statements.

Beneficial Interest in Charitable Remainder Trust

The University has a beneficial interest in a charitable remainder trust administered by third party. Upon death of the beneficiary, the remainder of the trust is permanently restricted. The University's beneficial interest is recognized in the financial statements at the estimated present value of the projected remaining assets held in the trust at the end of the life expectancy of the primary beneficiary. Estimated present value was determined using a discount rate of 1.2% and 2.8% as of June 30, 2012 and 2011, respectively.

Assets Held at Greater Salina Community Foundation

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

Annuity Liabilities

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

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

Balance, July 1, 2010	\$ 6,835,753
Change in value of split-interest agreements	<u>766,735</u>
Balance, June 30, 2011	7,602,488
Change in value of split-interest agreements	<u>(65,286)</u>
Balance, June 30, 2012	<u>\$ 7,537,202</u>

The change in value of the split-interest agreements included in the change in permanently restricted net assets on the statements of activities is due to unrealized and realized gains and losses.

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

Balance, July 1, 2010	\$ 103,549
Payments to beneficiaries/annuitants, net new annuities	(17,891)
Actuarial gain (loss)	<u>(1,221)</u>
Balance, June 30, 2011	84,437
Payments to beneficiaries/annuitants, net new annuities	(325)
Actuarial gain (loss)	<u>11,092</u>
Balance, June 30, 2012	<u><u>\$ 95,204</u></u>

5. Property, Plant and Equipment

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

	June 30,	
	<u>2012</u>	<u>2011</u>
Land	\$ 150,620	\$ 150,620
Land improvements	57,130	57,130
Buildings	32,666,948	32,068,965
Equipment	2,018,130	2,182,018
Vehicles	<u>99,445</u>	<u>99,445</u>
Total Property in Service	34,992,273	34,558,178
Accumulated depreciation	(12,050,896)	(11,244,219)
Construction in progress	<u>423,120</u>	<u>10,544</u>
Total Net Property, Plant, and Equipment	<u><u>\$ 23,364,497</u></u>	<u><u>\$ 23,324,503</u></u>

6. Long-Term Obligations

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

The debt requires the University to make monthly deposits with the Trustee sufficient to service the principal maturities and interest requirements through May 2022. The debt agreement contains various restrictive covenants which include requirements for the maintenance of specified financial ratios. In management's opinion the University has complied with the covenants. The notes are collateralized by real estate and a security interest in unrestricted revenues. The interest rates range from 4.15% to 4.65%.

The University has prepaid bond issuance costs of \$86,362 that are amortized over the life of the loan. The amortization expense totaled \$5,727 and \$5,727 for 2012 and 2011, respectively.

Future debt service requirements on the Series 2007 bonds at June 30, 2012 are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	4.15%	\$ 420,000	\$ 227,253	\$ 647,253
2014	4.20%	435,000	209,613	644,613
2015	4.25%	455,000	191,125	646,125
2016	4.30%	475,000	171,560	646,560
2017	4.35%	495,000	150,897	645,897
2018 and after	4.400% - 4.650%	<u>2,835,000</u>	<u>401,572</u>	<u>3,236,572</u>
Totals		<u>\$ 5,115,000</u>	<u>\$ 1,352,020</u>	6,467,020
Amounts representing interest				(1,352,020)
Bond proceeds held in escrow				(649,117)
Original issue discount, less amortization				<u>(73,326)</u>
Bonds Payable				<u>\$ 4,392,557</u>

7. Commercial Guaranty

Associated Colleges of Central Kansas (ACCK) has borrowed monies from Bank of America, N.A. in the amount of \$1,680,000. The University has guaranteed a portion of ACCK's indebtedness, which is due in quarterly installments with final payment due during the University's fiscal year ending June 30, 2013. The University would be obligated to perform under the guaranty if ACCK failed to pay principal and interest payments to the lender when due. The maximum potential amount of future (undiscounted) payments under the guaranty would be \$329,300 at June 30, 2012, plus all interest thereon, plus the University's proportionate share of the lender's costs, expenses, and attorney fees incurred. As of June 30, 2012, ACCK is current with its debt payments.

8. Retirement Plan

The University has a contributory defined contribution pension plan covering substantially all full-time employees. Pension expense, which is funded currently, aggregated approximately \$494,594 and \$504,421 for the years ended June 30, 2012 and 2011, respectively.

9. The Kansas Wesleyan Foundation Donor-Designated Endowment

The University has established The Kansas Wesleyan Foundation to receive, invest and disburse amounts for the benefit of Kansas Wesleyan University and institutions related to, affiliated with and cooperating with Kansas Wesleyan University in accordance with the terms of its governing instrument. The Foundation is a not-for-profit corporation with a separate governing board. The Foundation's financial statements are included in the financial statements of the University. The Foundation is considered an endowment under accounting standards.

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

The University's investment policy consists of investing in a diversified asset or assets in an attempt to maximize total return consistent with an acceptable level of risk. The University's endowment management strategy is that present and future generations of students will enjoy equivalent levels of purchasing power through a balanced endowment management approach which (a) generates

income to provide for current needs and (b) maintains a base for generating income to meet future needs. Up to 4.5% (or higher if donor restrictions specify a distribution percentage) of the total market value of investable assets as of July 1 each year will be budgeted for use in the University's current fiscal year according to restrictions of donors. The Board of Trustees determines an appropriate amount of expenditures each year based on the net asset value of the endowment fund.

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

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

Changes in endowment net assets for the years ended June 30, 2012 and 2011 are presented below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, July 1, 2010	\$ -	\$ 595,877	\$ 16,725,813	\$ 17,321,690
Revenues, Gains and Reclassifications				
Gifts and bequests	-	-	98,887	98,887
Interest and dividend income	-	234,281	-	234,281
Net gain on split-interest agreements	-	-	766,735	766,735
Investment income from split- interest agreements	-	316,906	-	316,906
Net realized and unrealized appreciation (depreciation)	-	2,771,284	-	2,771,284
Appropriation of endowment assets for expenditure	-	<u>(614,403)</u>	-	<u>(614,403)</u>
Endowment Net Assets, June 30, 2011	-	3,303,945	17,591,435	20,895,380
Revenues, Gains and Reclassifications				
Gifts and bequests	-	513,915	325,214	839,129
Reclassifications	-	-	1,000	1,000
Interest and dividend income	-	307,914	-	307,914
Net gain on split-interest agreements	-	-	(65,286)	(65,286)
Investment income from split- interest agreements	-	325,775	-	325,775
Net realized and unrealized appreciation (depreciation)	-	(469,881)	-	(469,881)
Appropriation of endowment assets for expenditure	-	<u>(723,182)</u>	-	<u>(723,182)</u>
Endowment Net Assets, June 30, 2012	<u>\$ -</u>	<u>\$ 3,258,486</u>	<u>\$ 17,852,363</u>	<u>\$ 21,110,849</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations and expenditures in excess of revenues.

10. Operating Leases

The University has entered into leases for certain office equipment and vehicles. All of these agreements are classified as operating leases and have terms expiring over the next five years. Rent expense on these equipment leases totaled \$111,685 and \$108,981 for the years ended June 30, 2012 and 2011, respectively.

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

<u>Year Ending June 30,</u>	
2013	59,010
2014	20,263
2015	<u>14,388</u>
Totals	\$ <u><u>93,661</u></u>

11. Advancement Expenses

The University incurred development and fund-raising expenses amounting to \$428,572 and \$362,200 for the years ended June 30, 2012 and 2011, respectively. Such amounts are included in institutional support expenses in the accompanying statements of activities.

12. Contingencies

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

13. Concentrations of Credit Risk

The University grants credit to students. Notes receivable at June 30, 2012 and 2011, included \$1,041,577 and \$1,123,889, respectively, of Perkins loans to students. The University's equity is 12% of these revolving loan funds; therefore, its risk of loss is limited to 12% of these amounts. The University has determined that no individual financially responsible party or group of such parties represent a material concentration of credit risk.

The University participates in the Student Financial Assistance Program through the U.S. Department of Education. Students, based on eligibility requirements, receive grants and loans for educational purposes including tuition, fees, books, and housing. The University received \$8,281,088 and \$7,776,248 from the U.S. Treasury for such grants, loans, and administrative fees for the years ended June 30, 2012 and 2011, respectively.

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

The University has demand deposit accounts at various financial institutions. The balances with a certain institution were in excess of the Federal insurance limitation as of June 30, 2012 and 2011.

14. Related Party Transactions

There was a note issued to a member of management for the year ended June 30, 2011 which was included in other assets. The note was issued in January 2010 with a due date of December 31, 2014. The note was paid off during year ended June 30, 2012.

15. Assets Transferred to a Recipient Organization

Kansas Wesleyan Foundation and Retired Senior Volunteer Program (RSVP) each transferred \$10,000 to the Greater Salina Community Foundation for the establishment of named funds. The Greater Salina Community Foundation may make annual distributions to Kansas Wesleyan Foundation and RSVP of an amount up to but not to exceed 5% of the respective fund's net fair market value. The Greater Salina Community Foundation has variance power over the funds as required by the Internal Revenue Service. At June 30, 2012 and 2011, the fair values of these assets were \$30,711 and \$31,588, respectively, and are included in investments in the accompanying statements of financial position.

16. Fair Value of Financial Instruments

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

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

Investments are estimated based on quoted market prices for those similar investments, except for the assets held at Greater Salina Community Foundation which the value of the fund is based upon the underlying assets within the fund.

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

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

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

17. Noncash Investing and Financing Activities

Purchases of property and equipment financed through accounts payable totaled \$25,536 and \$72,480 as of June 30, 2012 and 2011, respectively.

As of June 30, 2012 and 2011, \$649,117 and \$649,117, respectively, of bond proceeds held in escrow have reduced the bonds payable balance on the statements of financial position.

Cash paid for interest, net of capitalized interest, was \$240,609 and \$257,207 for 2012 and 2011, respectively.

18. Subsequent Events

The University has evaluated subsequent events through October 3, 2012, the date which the financial statements were available for issue. Subsequent to year-end, the University has entered into contracts for approximately \$205,500 for the construction of a maintenance building. The University also entered into a contract for \$348,500 to evaluate and implement enrollment management strategies.

Supplemental Information

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2012		2011	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Revenues and Gains				
Educational and General				
Tuition and Fees				
Full time				
Fall	\$ 7,848,956	52.9	\$ 6,852,876	51.5
Spring	6,876,476	46.3	6,259,185	47.0
Part time				
Fall	165,482	1.1	138,797	1.0
Spring	164,356	1.1	172,180	1.3
Summer	258,924	1.8	202,610	1.5
Adult Professional Studies	32,400	0.2	65,264	0.5
Subtotal	15,346,594	103.4	13,690,912	102.8
Graduate Fees	309,459	2.1	485,156	3.6
Fees	154,082	1.0	161,097	1.2
Gross Tuition and Fees	15,810,135	106.5	14,337,165	107.6
Less: Scholarships and Other Aid				
Scholarships	(4,494,273)	(30.2)	(3,521,602)	(26.4)
Grants	(109,068)	(0.7)	(109,068)	(0.8)
Awards	(1,511,875)	(10.2)	(1,570,727)	(11.8)
Discounts	(519,275)	(3.5)	(427,872)	(3.2)
Total Scholarships and Other Aid	(6,634,491)	(44.6)	(5,629,269)	(42.2)
Net Tuition and Fees	9,175,644	61.9	8,707,896	65.4
Gift Revenues				
Scholarship gifts	70,454	0.5	83,779	0.6
Unrestricted gifts	674,032	4.5	290,392	2.2
Total Gift Revenues	744,486	5.0	374,171	2.8
Grant Revenues				
Student Assistance - Federal Supplemental Educational Opportunity Grants	109,068	0.7	109,068	0.8
Student Assistance - Federal Work-Study Program	79,653	0.6	79,653	0.6
Miscellaneous	2,781	-	2,318	-
Total Grant Revenues	191,502	1.3	191,039	1.4
Other Revenues				
Gains (losses) on investments	(40,054)	(0.3)	(39,023)	(0.3)
Change in value of split-interest agreements	6,488	-	19,111	0.2
Investment income	57,535	0.4	97,526	0.7
Miscellaneous	44,614	0.3	107,181	0.8
Total Other Revenues	68,583	0.4	184,795	1.4
Total Educational and General	10,180,215	68.6	9,457,901	71.0

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2012		2011	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Auxiliary Enterprises				
Housing System				
Apartments	\$ 217,242	1.5	\$ 187,553	1.4
Resident Halls	1,223,391	8.2	1,070,307	8.1
Other Facilities	46,472	0.3	45,757	0.3
Shriwise Dining Hall	2,103,430	14.2	1,850,448	13.9
Total Housing System	<u>3,590,535</u>	<u>24.2</u>	<u>3,154,065</u>	<u>23.7</u>
Other Auxiliary Enterprises				
Bookstore	252,674	1.7	15,923	0.1
Ticket sales	18,592	0.1	19,265	0.2
Vending operations	6,410	-	5,968	-
Other sales	1,135	-	3,675	-
Total Other Auxiliary Enterprises	<u>278,811</u>	<u>1.8</u>	<u>44,831</u>	<u>0.3</u>
Total Auxiliary Enterprises	<u>3,869,346</u>	<u>26.0</u>	<u>3,198,896</u>	<u>24.0</u>
Total Revenues and Gains	<u>14,049,561</u>	<u>94.6</u>	<u>12,656,797</u>	<u>95.0</u>
Reclassifications and Transfers				
Net Assets Released from Restrictions Excluding Capital Expenditure Releases				
Pledges received	3,205	-	7,120	0.1
Kansas Wesleyan Foundation scholarship and restricted distributions	598,351	4.0	537,624	4.0
Special projects	82,080	0.6	42,193	0.3
Total Net Assets Released from Restrictions Excluding Capital Expenditure Releases	<u>683,636</u>	<u>4.6</u>	<u>586,937</u>	<u>4.4</u>
Transfers Excluding Capital Expenditures				
Kansas Wesleyan Foundation distributions	124,831	0.8	76,778	0.6
Total Transfers Excluding Capital Expenditures	<u>124,831</u>	<u>0.8</u>	<u>76,778</u>	<u>0.6</u>
Total Reclassifications and Transfers	<u>808,467</u>	<u>5.4</u>	<u>663,715</u>	<u>5.0</u>
Total Revenues, Gains, Reclassifications and Selected Transfers from Other Unrestricted Funds	<u>14,858,028</u>	<u>100.0</u>	<u>13,320,512</u>	<u>100.0</u>

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2012		2011	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Expenses				
Educational and General				
Instructional				
Art	\$ 128,375	0.9	\$ 118,894	0.9
English	161,103	1.1	125,509	0.9
Language	11,075	0.1	17,704	0.1
Music				
Instrumental	127,789	0.9	127,174	1.0
Vocal	189,647	1.3	174,327	1.3
Speech and Theatre	179,302	1.2	168,439	1.3
Communications	128,383	0.9	110,776	0.8
Religion and Philosophy	106,503	0.7	113,760	0.9
Accounting	72,782	0.5	79,245	0.6
Education	239,115	1.6	238,918	1.8
Health, Physical Education and Recreation	182,889	1.2	155,402	1.2
Biology	172,017	1.2	157,467	1.2
Chemistry	121,072	0.8	134,570	1.0
Mathematics	72,277	0.5	74,090	0.6
Computer Science	212,208	1.4	174,397	1.3
Physics	96,205	0.6	109,979	0.8
Sociology and Criminal Justice	141,510	1.0	120,099	0.9
Psychology and Addictions	133,369	0.9	125,318	0.9
History	126,447	0.9	121,262	0.9
Business Administration	305,844	2.1	379,280	2.8
Nursing	582,590	3.9	530,412	4.0
Total Instructional	<u>3,490,502</u>	<u>23.7</u>	<u>3,357,022</u>	<u>25.2</u>
Academic Support				
Academic Dean's Office	230,578	1.6	355,106	2.6
Library	256,645	1.7	227,367	1.7
Student Success Center	46,868	0.3	-	-
Total Academic Support	<u>534,091</u>	<u>3.6</u>	<u>582,473</u>	<u>4.3</u>
Student Services				
Admissions	577,094	3.9	545,539	4.1
Enrollment Services	351,049	2.4	306,168	2.3
Student Life	546,601	3.7	573,095	4.3
Total Student Services	<u>1,474,744</u>	<u>10.0</u>	<u>1,424,802</u>	<u>10.7</u>

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2012		2011	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Expenses (Contd.)				
Educational and General (Contd.)				
Athletics				
Athletic Director	\$ 222,218	1.5	\$ 132,077	1.0
Athletic Training	154,731	1.0	146,082	1.1
Athletics - Men	782,021	5.3	751,071	5.6
Athletics - Women	528,122	3.6	513,361	3.9
Total Athletics	<u>1,687,092</u>	<u>11.4</u>	<u>1,542,591</u>	<u>11.6</u>
Institutional Support				
President's Office	591,576	4.0	429,464	3.2
Advancement and Alumni Office	428,572	2.9	362,200	2.7
Publicity Office	292,044	2.0	286,837	2.1
Business Office	225,479	1.5	227,116	1.7
Post Office	32,318	0.2	23,250	0.2
Information Systems	506,402	3.4	336,585	2.5
Insurance	371,675	2.5	383,033	2.9
Tuition Remission	141,962	1.0	104,968	0.8
ACCK Administration	134,637	0.9	93,360	0.7
General	284,776	1.9	159,996	1.2
Total Institutional Support	<u>3,009,441</u>	<u>20.3</u>	<u>2,406,809</u>	<u>18.0</u>
Maintenance and Utilities				
Maintenance Department	808,492	5.4	927,490	7.0
Depreciation	806,677	5.4	761,763	5.7
Utilities	286,427	1.9	290,127	2.2
Total Maintenance and Utilities	<u>1,901,596</u>	<u>12.7</u>	<u>1,979,380</u>	<u>14.9</u>
Other Expenses				
Annuity Interest	15,962	0.1	21,369	0.2
Bond Interest	253,750	1.7	270,349	2.0
Total Other Expenses	<u>269,712</u>	<u>1.8</u>	<u>291,718</u>	<u>2.2</u>
Total Educational and General	<u>12,367,178</u>	<u>83.5</u>	<u>11,584,795</u>	<u>86.9</u>
Auxiliary Enterprises				
Housing System				
Apartments	118,560	0.8	137,225	1.0
Dormitories and Related Facilities	680,384	4.6	523,481	4.0
Shriwise Dining Hall	1,126,476	7.6	1,065,561	8.0
Bookstore	230,298	1.6	-	-
Total Auxiliary Enterprises	<u>2,155,718</u>	<u>14.6</u>	<u>1,726,267</u>	<u>13.0</u>
Total Expenses	<u>14,522,896</u>	<u>98.1</u>	<u>13,311,062</u>	<u>99.9</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 1 (Contd.)

SCHEDULE OF CHANGES IN UNRESTRICTED NET ASSETS AVAILABLE FOR OPERATIONS

	Year Ended June 30,			
	2012		2011	
	Amount	Amount as a Percentage of Operations Funding	Amount	Amount as a Percentage of Operations Funding
Total Change in Unrestricted Net Assets Available for Operations Excluding Capital Projects	\$ 335,132	1.9	\$ 9,450	0.1
Capital Project Transactions				
Transfers				
Property, plant and equipment	(32,599)	(0.2)	81,347	0.6
Bond principal payment	(405,000)	(2.7)	(385,000)	(2.9)
Net Capital Project Transactions	(437,599)	(2.9)	(303,653)	(2.3)
Total Change in Unrestricted Net Assets (Deficit) Available for Operations Including Capital Projects	(102,467)	(1.0)	(294,203)	(2.2)
Unrestricted Net Assets Available for Operations, Beginning of Year	3,045,313		3,339,516	
Unrestricted Net Assets Available for Operations, End of Year	\$ 2,942,846		\$ 3,045,313	

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 2

SCHEDULE OF AGENCY FUNDS

<u>Fund</u>	Balance June 30, 2011	Receipts	Disbursements	Balance June 30, 2012
Accounting Club	\$ 510	\$ 115	\$ 46	\$ 579
Addictions Grant #2	16,979	506	150	17,335
Addictions Seminar	8,278	248	-	8,526
Alpha Chi	1,758	2,593	3,765	586
Alumni Association	19,378	9,075	12,931	15,522
Ambassadors	1,022	31	-	1,053
Art Club	633	239	244	628
Art Department	307	2,495	-	2,802
Astronomy Club	-	505	-	505
Athletic Training Club	904	20	350	574
Athletic Training Department	849	1,050	1,117	782
Athletic Hall of Fame	2,020	61	-	2,081
Band	(313)	1,960	1,023	624
Beta Beta Beta	23	620	-	643
Biology Club	189	633	522	300
Booster Club - Athletic	5,733	159,528	119,927	45,334
Business Club	1,682	50	-	1,732
Center for Church Leadership	(8,062)	25,540	18,808	(1,330)
Center for Teaching Excellence	-	1,389	-	1,389
Chi Alpha	2	(1)	42	(41)
Class 2011 - Flags	-	25	25	-
College Music Educators	23	1	-	24
College Society for Gamers	84	3	-	87
Computer Club	386	398	1,553	(769)
Corpus Juris Club	452	483	417	518
CMENC	402	4,960	2,641	2,721
Crusade for Christ	25	1	-	26
Drama Club	90	344	241	193
Dudley Emergency	2,516	27	-	2,543
Fellowship of Christian Athletes	(48)	48	-	-
Flower Fund	174	283	36	421
Geology Club	5,580	167	-	5,747
Golf Tour - Coyotes	1,556	46	30	1,572
HPER Club	4,078	1,298	4,656	720
HPER Equipment Fund	-	10,710	-	10,710
International Club	566	617	600	583
KS Association of Historians	-	3,392	3,392	-
KWU Academic Dean	2,627	78	-	2,705
KWU Chemistry Club	570	777	850	497
KWU Choir	3,076	7,963	10,334	705
KWU Ham Radio Club	253	227	-	480
KWU Psychology Club	(14)	316	-	302
KWU Symphony Opera	(1,917)	1,917	-	-
Language	2,243	67	-	2,310
Math Department	819	25	-	844
Medical Health Association	954	29	-	983
Microburst Club	(2)	-	-	(2)

KANSAS WESLEYAN UNIVERSITY

Salina, Kansas

Schedule 2 (Contd.)

SCHEDULE OF AGENCY FUNDS

<u>Fund</u>	Balance June 30, 2011	Receipts	Disbursements	Balance June 30, 2012
Miscellaneous	\$ 8,236	\$ (2,381)	\$ -	\$ 5,855
Music Booster Club	341	111	-	452
Music Internship	6,342	179	1,080	5,441
Newman Club	72	2	-	74
Night with the Yotes	-	16,662	16,707	(45)
Nursing Program Fund	3,158	1,677	4,681	154
Outdoor Adventure Club	447	13	-	460
Phi Alpha Theta	108	1,308	1,395	21
Pi Kappa Delta	7,402	30,695	27,002	11,095
Poker Club	152	131	-	283
Republican Students	235	7	-	242
Richards Lecture Series	8,684	2,199	-	10,883
SNEA	515	578	729	364
Society of Physics	317	875	456	736
Solid Waste Venture Grant	-	1,332	601	731
Staff Flower Fund	268	8	50	226
Strings Program	231	2,060	1,388	903
Student Nursing Organization	3,167	547	1,225	2,489
Student Technology Association	2,190	127	-	2,317
Theophils Club	(460)	1,504	643	401
U.S. Treasury Fund	1,835	8,352,771	8,352,726	1,880
UMHMF Nurse	6,314	-	6,035	279
UUMC Concert Series	(640)	727	87	-
Women's Auxiliary	2,212	1,608	40	3,780
Woodworth Fellowship	18,369	29,155	25,875	21,649
Writers' Guild	68	1	43	26
VITA Grant	-	11,045	8,479	2,566
Volunteer Connection Grant	(71)	18,420	19,752	(1,403)
Totals	<u>\$ 145,877</u>	<u>\$ 8,712,220</u>	<u>\$ 8,652,694</u>	<u>\$ 205,403</u>

KANSAS WESLEYAN UNIVERSITY
Salina, Kansas

Schedule 3

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

	Year Ended June 30,	
	2012	2011
Revenues		
United Way	\$ 43,621	\$ 51,683
ACTION Grant	22,993	62,166
Other grants	10,897	5,711
Miscellaneous	-	30,272
Total Revenues	77,511	149,832
Expenses		
Salaries	77,294	76,241
Benefits	22,502	21,290
Supplies	1,896	1,051
Postage	322	413
Telephone	1,826	2,172
Dues	205	88
Repairs and maintenance	-	160
Printing	348	585
Advertising	-	151
Travel and vehicle	6,255	3,599
Meals and lodging	51	1,757
Education	-	55
Rent	8,767	8,767
Contract services	179	490
Computer service	-	988
Special events	1,330	1,398
Insurance	3,013	2,115
Miscellaneous	5,025	-
Total Expenses	129,013	121,320
Excess (Deficit) of Revenues over Expenses	(51,502)	28,512
Beginning Net Assets	112,798	84,286
Ending Net Assets	\$ 61,296	\$ 112,798

KANSAS WESLEYAN UNIVERSITY

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Schedule 4

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

	Year Ended June 30,	
	2012	2011
Assets Managed Under Agency Agreements		
Greater Salina Community Foundation	\$ 14,537	\$ 15,358
Waddell & Reed	48,015	46,757
Advantage Trust Company	3,073,908	3,071,230
UMB Bank, N.A.	4,387,565	4,414,284
Bank of America, N.A.	3,596,423	3,660,427
Sunflower Bank, N.A.	3,764,279	3,756,289
Total Assets Managed Under Agency Agreements	<u>14,884,727</u>	<u>14,964,345</u>
Less: Amounts due Kansas Wesleyan University	<u>(1,363,686)</u>	<u>(1,724,060)</u>
Net Assets Managed Under Agency Agreements	<u>13,521,041</u>	<u>13,240,285</u>
Assets Held Under Beneficial Interest in Perpetual Trusts		
Hupfer, Warren and Irene	236,193	240,582
Litowich, Helen	438,534	469,582
Mall, William	167,247	167,580
Muir, John B.	834,182	694,822
Remiatte, Kittie	388,982	400,086
Rice, A.J.	1,999,820	2,003,155
Spurrier, Edna	294,002	306,010
Tinkler, W.O. and Julie Ann	509,433	530,910
Vanier, John J.	596,328	604,839
Ward, Ruth E.	327,168	343,940
Woodworth, G. Walter	1,110,878	1,179,944
Young, W. Harold	408,131	419,617
Total Assets Held Under Beneficial Interest in Perpetual Trusts	<u>7,310,898</u>	<u>7,361,067</u>
Assets Held in Charitable Remainder Trust		
Olson, Dale C. and Marceline L.	<u>226,304</u>	<u>241,421</u>
Other Assets		
Gillispie Land and Building	<u>52,606</u>	<u>52,606</u>
Total Net Assets	<u>\$ 21,110,849</u>	<u>\$ 20,895,379</u>
Net Assets Released from Restrictions		
Distributions for operations	\$ 124,831	\$ 76,778
Distributions for scholarships	424,046	387,146
Distributions for restricted purpose expenses	174,305	150,478
Total Net Assets Released from Restrictions	<u>723,182</u>	<u>614,402</u>
Total Distributions	<u>\$ 723,182</u>	<u>\$ 614,402</u>