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**WASHBURN UNIVERSITY OF TOPEKA**

*FINANCIAL STATEMENTS*

*JUNE 30, 2023*

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## Independent Auditors' Report

Board of Regents  
Washburn University of Topeka  
Topeka, Kansas

### Report On The Audit Of The Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Washburn University of Topeka (the University) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Washburn University of Topeka as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 \$218,798,174 and \$212,185,231 as of June 30, 2023 and 2022, respectively, and total revenues of \$29,285,707 and \$(2,334,815), respectively, for the years then ended or the Washburn Law School Foundation, a discretely presented component unit of the University, which statements reflect total assets of \$7,993,532 and \$7,488,512 as of June 30, 2023 and 2022, respectively, and total revenues of \$817,516 and \$(716,276), 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.

### ***Basis For Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. The financial statements of Washburn University Foundation and Washburn Law School Foundation, which comprise the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards* and the applicable provisions of the Kansas Municipal Audit Guide. We are required to be independent of Washburn University of Topeka and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis Of Matter***

As discussed in Note 1 to the financial statements, as of July 1, 2022, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

### ***Responsibilities Of Management For The Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washburn University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the applicable provisions of the Kansas Municipal Audit Guide will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the applicable provisions of the Kansas Municipal Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washburn University of Topeka's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washburn University of Topeka's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

GAAP requires that the accompanying management's discussion and analysis on pages 6 through 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedules required for revenue bonds and revenue refunding bonds on pages 83 through 89, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on pages 71 through 73, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The 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 12, 2023, 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 solely 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 effectiveness of the University's 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 12, 2023



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**WASHBURN UNIVERSITY OF TOPEKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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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, 2023 with comparative data for the fiscal years ended June 30, 2022 and 2021. 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 (*Continued*)

#### **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, 2023**

The discussion below addresses the University's financial highlights.

##### ***Washburn University***

The University's financial position remained strong at June 30, 2023, with total assets of \$262.0 million and total liabilities of \$66.3 million. These amounts resulted in an increase in net position of \$13.6 million.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal year 2023 operating revenues were \$38.0 million and operating expenses were \$104.5 million, resulting in a loss from operations of \$66.5 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

To gain a complete picture of operations requires consideration of net nonoperating revenues. For the year ended June 30, 2023, net nonoperating revenues of \$79.7 million consist primarily of state and local appropriations, grants, and gifts. When combined with capital grants (\$251,478) and additions to permanent endowments (\$169,179), the University recognized an increase in net position of \$13.6 million compared to an increase of \$4.1 million for the year ended June 30, 2022.

#### ***Washburn Tech***

Washburn Tech's financial position was also strong at June 30, 2023, with total assets of \$18.0 million exceeding total liabilities of \$1.3 million. These amounts resulted in a decrease in net position of \$195,497.

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Fiscal year 2023 operating revenues were \$3.0 million and operating expenses were \$13.4 million, resulting in a loss from operations of \$10.4 million. Net nonoperating revenues of \$10.3 million consist primarily of state appropriations and grants, which resulted in a decrease in net position of \$195,459. The decrease was less than the increase of \$2.8 million for the year ended June 30, 2022. The contributing factor of the decrease in net position was primarily due to changes and timing in State funding from the Kansas Board of Regents.

#### **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.

## WASHBURN UNIVERSITY OF TOPEKA

### Management's Discussion And Analysis (*Continued*)

A condensed comparison of the University's assets, deferred outflows of resources, liabilities, and net position as of June 30, 2023, 2022 and 2021 is presented below.

#### Combined Statements of Net Position June 30, 2023, 2022, and 2021

	2023	2022	2021
<b>Assets:</b>			
Current assets	\$ 86,576,353	\$ 76,093,603	\$ 72,236,732
Capital and right-to-use assets, net	153,272,574	146,602,064	133,744,455
Noncurrent assets	40,182,713	41,195,783	56,552,732
<b>Total Assets</b>	<b>280,031,640</b>	<b>263,891,450</b>	<b>262,533,919</b>
<b>Liabilities:</b>			
Current liabilities	18,671,158	14,529,945	13,546,628
Noncurrent liabilities	48,969,358	50,316,932	57,020,237
<b>Total Liabilities</b>	<b>67,640,516</b>	<b>64,846,877</b>	<b>70,566,865</b>
<b>Deferred Inflows of Resources</b>	<b>857,932</b>	<b>992,176</b>	<b>847,669</b>
<b>Net Position:</b>			
Net investment in capital assets	102,047,399	94,742,698	90,575,248
Restricted - nonexpendable	26,942,371	25,986,927	31,075,913
Restricted - expendable	15,386,541	16,918,584	22,141,503
Unrestricted	67,156,881	60,404,188	47,326,721
<b>Total Net Position</b>	<b>\$ 211,533,192</b>	<b>\$ 198,052,397</b>	<b>\$ 191,119,385</b>

#### Fiscal Year 2023 Compared to Fiscal Year 2022

##### *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 \$86.6 million at June 30, 2023, and consisted primarily of cash, short-term investments, and receivables. This represents an increase of \$10.5 million due primarily to an increase in cash and cash equivalents. Total current assets at June 30, 2023 cover current liabilities 4.6 times, an indicator of good liquidity.

Capital and right-to-use assets, which represent the assets' historical cost net of accumulated depreciation, totaled \$153.3 million at June 30, 2023. This represents an increase of \$6.7 million, which is attributable to capitalized items exceeding depreciation and disposals and the implementation of GASB 96.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

Noncurrent assets totaled \$40.2 million and \$41.2 million at June 30, 2023 and 2022, 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 \$9.655 million of bonds to refund the Series 2004 bonds. In connection with that transaction, the remaining deferred outflows relating to the Series 2004 bonds (\$589,000) were written off, while \$534,000 of deferred outflows was recorded relating to the Series 2014 bonds. The 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, 2022, 2021, and 2020.

#### ***Liabilities***

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

Current liabilities totaled \$18.7 million at June 30, 2023, and consisted primarily of accounts payable and accrued liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities totaled \$49.0 million at June 30, 2023, and consisted primarily of long-term debt obligations and unearned revenue. This reflects a decrease of \$1.3 million due to the scheduled amortization of bond and capital leases obligations.

#### ***Net Position***

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

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

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

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

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

#### **Fiscal Year 2022 Compared to Fiscal Year 2021**

##### *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 \$76.0 million at June 30, 2022, and consisted primarily of cash, short-term investments, and receivables. This represents an increase of \$3.8 million due primarily to an increase in cash and cash equivalents. Total current assets at June 30, 2022 cover current liabilities 5.2 times, an indicator of good liquidity.

Capital assets, which represent the assets' historical cost net of accumulated depreciation, totaled \$146.6 million at June 30, 2022. This represents an increase of \$12.5 million, which is attributable to capitalized items exceeding depreciation and disposals.

Noncurrent assets totaled \$41.1 million and \$56.5 million at June 30, 2022 and 2021, respectively, and consisted primarily of restricted cash and amounts due from the Washburn University Foundation.

#### **Statements of Revenues, Expenses and Changes in Net Position**

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

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

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

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

A condensed comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022 and 2021 is presented below.

#### Combined Statements of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2023, 2022, and 2021

	2023	2022	2021
Operating revenues	\$ 40,912,164	\$ 42,799,684	\$ 42,590,391
Operating expenses	117,787,699	117,801,275	109,773,107
Operating loss	(76,875,535)	(75,001,591)	(67,182,716)
Nonoperating revenues	92,988,653	88,337,094	96,530,143
Interest on capital asset-related debt	(1,402,670)	(1,471,280)	(1,915,397)
Other nonoperating expenses	(1,650,310)	(5,432,906)	(1,152,537)
Income before other revenues	13,060,138	6,431,317	26,279,493
Other revenues	420,657	501,695	270,477
Increase (decrease) in net position	13,480,795	6,933,012	26,549,970
Net Position - Beginning of Year	198,052,397	191,119,385	164,569,415
Net Position - End of Year	\$ 211,533,192	\$ 198,052,397	\$ 191,119,385

#### Fiscal Year 2023 Compared to Fiscal Year 2022

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of \$13.5 million during the year ended June 30, 2023 compared to an increase of \$6.9 million during the year ended June 30, 2022. Highlights of the information provided in these statements is included below.

#### *Revenues*

Revenues, excluding capital grants and additions to permanent endowments, totaled \$133.9 million and \$131.2 million for the years ending June 30, 2023 and 2022, respectively. The \$2.7 million increase is attributable primarily to an increase in investment income.

State and local appropriations comprised 42.9 percent of the University's revenue for the year ended June 30, 2023 compared to 42.8 percent for the year ended June 30, 2022. The next largest revenue source was net tuition and fees, comprising 23.4 percent of revenue for the year ended June 30, 2023 compared to 25.5 percent for the year ended June 30, 2022.

#### *Expenses*

Expenses totaled \$120.8 million and \$124.7 million for the years ended June 30, 2023 and 2022.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

Instruction expenses accounted for 33.2 percent of total expenses by function for the year ended June 30, 2023 compared to 30.9 percent for the year ended June 30, 2022. The percentages for the remaining expenses by functional area range from 11.7 percent for Student Services to 0.1 percent for Research for the year ended June 30, 2023, compared to 11.3 percent and 0.1 percent for the year ended June 30, 2022.

Salaries and benefits comprised 66.4 percent of operating expenses by natural classification for the year ended June 30, 2023 compared to 61.3 percent for the year ended June 30, 2022. Other operating expenses represent 25.1 percent of total expenses for the year ended June 30, 2023 compared to 23.1 percent for the year ended June 30, 2022. Financial aid and depreciation accounted for the remaining 16.5 percent of expenses for the year ended June 30, 2023 compared to 15.6 percent for the year ended June 30, 2022.

### **Fiscal Year 2022 Compared to Fiscal Year 2021**

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of \$6.9 million during the year ended June 30, 2022 compared to an increase of \$26.5 million during the year ended June 30, 2021. Highlights of the information provided in these statements is included below.

#### ***Revenues***

Revenues, excluding capital grants and additions to permanent endowments, totaled \$131.2 million and \$139.1 million for the years ending June 30, 2022 and 2021, respectively. The \$7.9 million decrease is attributable primarily to a decrease in investment income.

State and local appropriations comprised 42.8 percent of the University's revenue for the year ended June 30, 2022 compared to 36.1 percent for the year ended June 30, 2021. The next largest revenue source was net tuition and fees, comprising 25.5 percent of revenue for the year ended June 30, 2022 compared to 24.5 percent for the year ended June 30, 2021.

#### ***Expenses***

Expenses totaled \$124.7 million and \$112.8 million for the years ended June 30, 2022 and 2021.

Instruction expenses accounted for 30.9 percent of total expenses by function for the year ended June 30, 2022 compared to 33.8 percent for the year ended June 30, 2021. The percentages for the remaining expenses by functional area range from 11.3 percent for Student Services to 0.1 percent for Research for the year ended June 30, 2022, compared to 10.8 percent and 0.1 percent for the year ended June 30, 2021.

Salaries and benefits comprised 61.3 percent of operating expenses by natural classification for the year ended June 30, 2022 compared to 66.8 percent for the year ended June 30, 2021. Other operating expenses represent 23.1 percent of total expenses for the year ended June 30, 2022 compared to 18.7 percent for the year ended June 30, 2021. Financial aid and depreciation accounted for the remaining 15.6 percent of expenses for the year ended June 30, 2022 compared to 14.5 percent for the year ended June 30, 2021.



# WASHBURN UNIVERSITY OF TOPEKA

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## Management's Discussion And Analysis (*Continued*)

### Statement of Cash Flows

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

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

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

#### Condensed Combined Statements of Cash Flows For the Years Ended June 30, 2023, 2022, and 2021

	2023	2022	2021
Cash provided (used) by:			
Operating activities	\$ (64,214,572)	\$ (57,536,029)	\$ (59,286,616)
Noncapital financing activities	89,422,845	94,766,248	74,259,133
Capital and related financing activities	(19,036,887)	(32,388,840)	(5,443,159)
Investing activities	2,333,119	52,846	5,594,807
Change in Cash	8,504,505	4,894,225	15,124,165
Cash - Beginning of Year	71,401,665	66,507,440	51,383,275
Cash - End of Year	\$ 79,906,170	\$ 71,401,665	\$ 66,507,440

### Fiscal Year 2023 Compared to Fiscal Year 2022

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 \$8.5 million during the year ended June 30, 2023, compared to an increase of approximately \$4.9 million during the year ended June 30, 2022. These changes are largely attributable to less cash used in capital and related financing activities.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

#### **Fiscal Year 2022 Compared to Fiscal Year 2021**

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

The cash position of the University increased by approximately \$4.9 million during the year ended June 30, 2022, compared to an increase of approximately \$15.1 million during the year ended June 30, 2021. These changes are largely attributable to changes in noncapital and capital financing activities.

#### **Capital and Right-To-Use Assets 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 and Right-To-Use Assets***

At June 30, 2023, the University reported \$153.3 million invested in capital and right-to-use assets, net of accumulated depreciation, compared to \$146.6 million and \$133.7 million at June 30, 2022 and 2021, respectively. Depreciation charges totaled \$12.0 million for the fiscal year ended June 30, 2023 compared to \$11.0 million and \$10.9 million for the years ended June 30, 2022 and 2021, respectively. Details of these assets are as follows:

#### **Condensed Statements of Capital Assets, Net of Accumulated Depreciation As of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,596,172	\$ 1,596,172	\$ 1,444,104
Buildings, improvements, and infrastructure	101,004,659	106,845,846	112,759,243
Furniture, fixtures, and equipment	5,867,801	5,682,095	5,905,635
Computers and electronic equipment	621,184	1,325,211	2,351,546
Books and collections	55,028	92,071	153,902
Broadcasting tower, antenna, and equipment	944,686	951,154	1,075,308
Vehicles	887,438	872,623	744,489
Works of art and historical treasures	5,465,294	5,148,794	5,133,794
Right-to-use asset - leases	249,935	330,995	-
Right-to-use asset - SBITA	2,964,790	-	-
Construction in progress	33,615,587	23,757,103	4,176,431
<b>Capital Assets, Net</b>	<b>\$ 153,272,574</b>	<b>\$ 146,602,064</b>	<b>\$ 133,744,452</b>

Strategic additions during the fiscal year ended June 30, 2023 include the completion of the new School of Law building and renovations to the Village Apartments, White Concert Hall, and the Stoffer Science Laboratories.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

Strategic additions during the fiscal year ended June 30, 2022 included renovations to the Village Apartments, Mabee West Basement, and the Athletic Weight Room Flooring.

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

#### ***Debt***

At June 30, 2023, the University had \$49.7 million in outstanding revenue bonds, lease and subscription liabilities compared to \$48.8 million and \$56.0 million at June 30, 2022 and 2021, respectively. The decrease from 2023 to 2021 resulted from the April 2021 issuance of Series 2021A-1, A-2, and B Revenue Bonds and decrease in principal payments. 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, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Bonds:</b>			
Series 2015A	\$ 17,315,000	\$ 17,315,000	\$ 17,315,000
Series 2015B	4,795,000	4,795,000	4,795,000
Series 2018	8,150,000	8,555,000	8,945,000
Series 2021-A1	10,000,000	10,365,000	10,365,000
Series 2021-A2	3,675,000	3,675,000	3,675,000
Series 2021B	2,300,000	3,285,000	5,050,000
<b>Total Bonds</b>	<b>46,235,000</b>	<b>47,990,000</b>	<b>50,145,000</b>
<b>Lease Liabilities</b>	249,935	330,995	-
<b>SBITA Liabilities</b>	2,920,008	-	-
<b>Direct Financing Leases</b>	298,904	523,360	5,859,380
<b>Total Outstanding Debt</b>	<b>\$ 49,703,847</b>	<b>\$ 48,844,355</b>	<b>\$ 56,004,380</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.

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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

#### **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 stable 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.

The University's fiscal 2024 budget anticipates modest growth when compared to fiscal year 2023. Due to ongoing uncertainty surrounding state funding, the University continues to explore and implement when appropriate strategic budget initiatives, investments, and program/revenue enhancements.

#### ***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 2024, the University budgeted for sales tax revenue to be up \$3.4 million or 14.0 percent.

#### ***Tuition***

The University's Board of Regents approved a 4.95 percent tuition increase for fiscal year 2024.

For Fall 2023, Washburn University experienced a 3.7 percent increase in total student headcount while Washburn Tech experienced a 2.6 percent increase in total student headcount. These increases were better than anticipated when developing the fiscal year 2024 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.

## WASHBURN UNIVERSITY OF TOPEKA

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### Management's Discussion And Analysis (*Continued*)

As management wrestles with today's uncertain economic and demographic factors, the University's prudent use of resources, strategic budgeting and investment initiatives, 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, Vice President Administration and Treasurer, 1700 SW College Avenue, Topeka, Kansas 66621.

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF NET POSITION

Page 1 of 2

### Assets

	June 30,	
	2023	2022
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 71,185,035	\$ 61,007,029
Taxes receivable	5,158,546	4,707,734
Accounts receivable, net of allowance of \$3,602,373 and \$3,550,395 in 2023 and 2022, respectively	7,755,607	6,393,607
Receivable from Washburn University Foundation	228,544	255,329
Federal and grants receivable	—	1,263,093
Other current receivables	300,000	300,000
Lease receivable	129,831	127,652
Inventories	740,367	701,880
Other assets	1,078,423	1,337,279
<b>Total Current Assets</b>	<b>86,576,353</b>	<b>76,093,603</b>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	8,721,135	10,394,636
Perkins loans receivable	139,404	371,528
Receivable from Washburn University Foundation	30,193,414	29,197,272
Lease receivable	750,731	880,563
Endowment investments	378,029	351,784
Capital assets and RTU assets, net	153,272,574	146,602,064
<b>Total Noncurrent Assets</b>	<b>193,455,287</b>	<b>187,797,847</b>
<b>Total Assets</b>	<b>\$ 280,031,640</b>	<b>\$ 263,891,450</b>

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF NET POSITION

Page 2 of 2

### Liabilities, Deferred Inflows of Resources and Net Position

	June 30,	
	2023	2022
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 10,268,632	\$ 8,843,808
Accrued compensated absences, current portion	2,044,694	1,818,495
Unearned revenue	2,358,167	1,510,048
Direct financing lease liabilities, current portion	274,861	258,322
Lease liabilities, current portion	81,060	81,060
SBITA liabilities, current portion	1,142,505	—
Building revenue bonds, current portion	2,290,000	1,755,000
Deposits held in custody for others	211,239	263,212
<b>Total Current Liabilities</b>	<b>18,671,158</b>	<b>14,529,945</b>
<b>Noncurrent Liabilities:</b>		
Accrued compensated absences	366,840	369,479
Unearned revenue	1,508,864	1,760,342
Direct financing lease liabilities	24,043	265,038
Lease liabilities	168,875	249,935
SBITA liabilities	1,777,503	—
Building revenue bonds	45,123,233	47,672,138
<b>Total Noncurrent Liabilities</b>	<b>48,969,358</b>	<b>50,316,932</b>
<b>Total Liabilities</b>	<b>67,640,516</b>	<b>64,846,877</b>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows - leases	857,932	992,176
<b>Net Position:</b>		
Net investment in capital assets	102,047,399	94,742,698
Restricted		
Nonexpendable		
Endowments	26,942,371	25,986,927
Expendable		
Scholarships	2,275,140	2,138,776
Loans	458,862	726,753
Self-funded insurance	6,532,743	8,003,777
Capital projects	142,634	102,450
Other	5,977,162	5,946,828
Unrestricted	67,156,881	60,404,188
<b>Total Net Position</b>	<b>\$ 211,533,192</b>	<b>\$ 198,052,397</b>

# WASHBURN UNIVERSITY OF TOPEKA

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - WASHBURN UNIVERSITY FOUNDATION Discretely Presented Component Unit

### Assets

	June 30,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 4,570,704	\$ 6,316,273
Investments	178,749,966	172,570,902
Bequests receivable	45,790	2,972,671
Pledges receivable	23,601,081	18,618,566
Accrued investment income receivable	40,237	33,230
Beneficial interests in trusts	9,080,026	8,924,689
Real estate, net	2,639,572	2,695,956
Equipment, net	70,798	52,944
<b>Total Assets</b>	<b>\$ 218,798,174</b>	<b>\$ 212,185,231</b>

### Liabilities And Net Assets

<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 460,860	\$ 485,604
Due to Washburn University of Topeka	215,356	255,329
Charitable gift liabilities	323,139	402,492
Funds managed on behalf of Washburn University of Topeka	30,193,413	29,197,272
Funds managed on behalf of Washburn Law School Foundation	7,993,532	7,488,513
<b>Total Liabilities</b>	<b>39,186,300</b>	<b>37,829,210</b>
<b>Net Assets</b>		
Without donor restrictions	14,966,888	14,800,216
With donor restrictions	164,644,986	159,555,805
<b>Total Net Assets</b>	<b>179,611,874</b>	<b>174,356,021</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 218,798,174</b>	<b>\$ 212,185,231</b>



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# WASHBURN UNIVERSITY OF TOPEKA

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## STATEMENTS OF FINANCIAL POSITION - WASHBURN LAW SCHOOL FOUNDATION Discretely Presented Component Unit

### Assets

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
Investments held at Washburn University Foundation	<b>\$ 7,993,532</b>	<b>\$ 7,488,512</b>

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### Net Assets

<b>Net Assets</b>		
Without donor restrictions	<b>\$ 2,929,738</b>	<b>\$ 2,661,876</b>
With donor restrictions	<b>5,063,794</b>	<b>4,826,636</b>
<b>Total Net Assets</b>	<b>\$ 7,993,532</b>	<b>\$ 7,488,512</b>

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# WASHBURN UNIVERSITY OF TOPEKA

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

Page 1 of 2

	For the Years Ended June 30,	
	2023	2022
<b>Operating Revenues:</b>		
Tuition and fees (net of scholarship allowances of \$21,985,568 and \$21,746,632 in 2023 and 2022, respectively)	\$ 31,272,146	\$ 33,444,012
Federal grants and contracts	34,991	36,053
Sales and services of educational departments	2,135,508	2,341,387
Auxiliary enterprises:		
Residential Living (net of scholarship allowances of \$569,263 and \$371,843 in 2023 and 2022, respectively; revenues are used as security for revenue bonds Series 2015A, 2015B, 2021A2 and 2021B)	3,490,568	3,138,874
Memorial Union (revenues are used as security for revenue bonds Series 2021A2 and 2021B)	3,317,375	3,307,183
Other operating revenues	661,576	532,175
<b>Total Operating Revenues</b>	<b>40,912,164</b>	<b>42,799,684</b>
<b>Operating Expenses:</b>		
Educational and general:		
Instruction	40,050,291	38,433,652
Research	142,139	186,088
Public service	3,166,314	3,131,843
Academic support	12,535,564	13,581,848
Student services	14,163,121	14,140,997
Institutional support	10,435,415	6,750,701
Operation and maintenance of plant	10,165,964	10,069,778
Depreciation and amortization	11,958,914	11,025,072
Financial aid	1,819,192	8,529,179
Auxiliary enterprises:		
Residential Living	1,540,770	1,196,798
Memorial Union	2,921,838	2,930,958
Self-funded insurance claims, net of premiums	8,888,178	7,824,361
<b>Total Operating Expenses</b>	<b>117,787,699</b>	<b>117,801,275</b>
<b>Operating Loss</b>	<b>(76,875,535)</b>	<b>(75,001,591)</b>

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**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>2023</b>	<b>2022</b>
<b>Nonoperating Revenues (Expenses):</b>		
State appropriations	\$ 23,721,526	\$ 24,601,458
Local appropriations	33,714,159	31,525,791
Federal grants and contracts	11,535,043	26,509,298
State and local grants and contracts	637,298	691,402
Nongovernmental grants and contracts	25,500	79,847
Gifts	20,007,406	10,186,734
Investment income (loss)	3,347,721	(5,257,436)
Interest on indebtedness	(1,402,670)	(1,471,280)
Other nonoperating expenses	(1,650,310)	(5,432,906)
<b>Net Nonoperating Revenues</b>	<b>89,935,673</b>	<b>81,432,908</b>
<b>Income Before Other Revenues</b>	<b>13,060,138</b>	<b>6,431,317</b>
<b>Capital Grants and Gifts</b>	<b>251,478</b>	<b>251,478</b>
<b>Additions to Permanent Endowments</b>	<b>169,179</b>	<b>250,217</b>
<b>Change in Net Position</b>	<b>13,480,795</b>	<b>6,933,012</b>
<b>Net Position - Beginning of Year</b>	<b>198,052,397</b>	<b>191,119,385</b>
<b>Net Position - End of Year</b>	<b>\$211,533,192</b>	<b>\$ 198,052,397</b>

**WASHBURN UNIVERSITY OF TOPEKA**

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**CONSOLIDATED STATEMENT OF ACTIVITIES -  
WASHBURN UNIVERSITY FOUNDATION**

**For the Year Ended June 30, 2023**

**Discretely Presented Component Unit**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Support:			
Contributions	\$ 3,222,017	\$ 12,041,465	\$ 15,263,482
Change in beneficial interest and other	—	830,012	830,012
<b>Total Support</b>	<b>3,222,017</b>	<b>12,871,477</b>	<b>16,093,494</b>
Revenue:			
Investment return, net	1,491,455	10,339,885	11,831,340
Administration	709,916	—	709,916
Events	13,621	32,360	45,981
Other	377,857	227,119	604,976
<b>Total Revenue</b>	<b>2,592,849</b>	<b>10,599,364</b>	<b>13,192,213</b>
Net assets released from restrictions	18,428,439	(18,428,439)	—
<b>Total Support and Revenue</b>	<b>24,243,305</b>	<b>5,042,402</b>	<b>29,285,707</b>
<b>Expenses</b>			
Program services	19,569,626	—	19,569,626
Management and general	1,706,089	—	1,706,089
Fundraising	2,754,139	—	2,754,139
<b>Total Expenses</b>	<b>24,029,854</b>	<b>—</b>	<b>24,029,854</b>
<b>(Deficit) of Support and Revenue</b>			
<b>(Under) Expenses</b>	<b>213,451</b>	<b>5,042,402</b>	<b>5,255,853</b>
<b>Other Fund Transfers, Net</b>	<b>(46,779)</b>	<b>46,779</b>	<b>—</b>
<b>Change in Net Assets</b>	<b>166,672</b>	<b>5,089,181</b>	<b>5,255,853</b>
<b>Net Assets, Beginning of Year</b>	<b>14,800,216</b>	<b>159,555,805</b>	<b>174,356,021</b>
<b>Net Assets, End of Year</b>	<b>\$ 14,966,888</b>	<b>\$ 164,644,986</b>	<b>\$ 179,611,874</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, 2023 Discretely Presented Component Unit

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 42,335	\$ 57,242	\$ 99,577
Investment return, net	244,153	498,786	742,939
Nongift and other income	—	(25,000)	(25,000)
Net assets released from restriction	296,870	(296,870)	—
<b>Total Support and Revenue</b>	<b>583,358</b>	<b>234,158</b>	<b>817,516</b>
<b>Expenses</b>			
Program services	158,108	—	158,108
Management and general	154,388	—	154,388
<b>Total Expenses</b>	<b>312,496</b>	<b>—</b>	<b>312,496</b>
<b>(Deficit) of Support and Revenue (Under) Expenses</b>	<b>270,862</b>	<b>234,158</b>	<b>505,020</b>
<b>Other Fund Transfers, Net</b>	<b>(3,000)</b>	<b>3,000</b>	<b>—</b>
<b>Change in Net Assets</b>	<b>267,862</b>	<b>237,158</b>	<b>505,020</b>
<b>Net Assets, Beginning of Year</b>	<b>2,661,876</b>	<b>4,826,636</b>	<b>7,488,512</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,929,738</b>	<b>\$ 5,063,794</b>	<b>\$ 7,993,532</b>

**WASHBURN UNIVERSITY OF TOPEKA**

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**CONSOLIDATED STATEMENT OF ACTIVITIES -  
WASHBURN UNIVERSITY FOUNDATION**

**For the Year Ended June 30, 2022**

**Discretely Presented Component Unit**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Support:			
Contributions	\$ 2,756,557	\$ 8,755,350	\$ 11,511,907
Change in beneficial interest and other	—	(1,466,493)	(1,466,493)
<b>Total Support</b>	<b>2,756,557</b>	<b>7,288,857</b>	<b>10,045,414</b>
Revenue:			
Investment return, net	970,640	(14,288,854)	(13,318,214)
Administration	468,266	—	468,266
Events	164,962	40,529	205,491
Other	269,828	(5,600)	264,228
<b>Total Revenue</b>	<b>1,873,696</b>	<b>(14,253,925)</b>	<b>(12,380,229)</b>
Net assets released from restrictions	7,902,136	(7,902,136)	—
<b>Total Support and Revenue</b>	<b>12,532,389</b>	<b>(14,867,204)</b>	<b>(2,334,815)</b>
<b>Expenses</b>			
Program services	9,472,850	—	9,472,850
Management and general	1,553,042	—	1,553,042
Fundraising	2,950,965	—	2,950,965
<b>Total Expenses</b>	<b>13,976,857</b>	<b>—</b>	<b>13,976,857</b>
<b>(Deficit) of Support and Revenue</b>			
<b>(Under) Expenses</b>	(1,444,468)	(14,867,204)	(16,311,672)
<b>Other Fund Transfers, Net</b>	(336,061)	336,061	—
<b>Change In Net Assets</b>	<b>(1,780,529)</b>	<b>(14,531,143)</b>	<b>(16,311,672)</b>
<b>Net Assets, Beginning Of Year</b>	<b>16,580,745</b>	<b>174,086,948</b>	<b>190,667,693</b>
<b>Net Assets, End Of Year</b>	<b>\$ 14,800,216</b>	<b>\$ 159,555,805</b>	<b>\$ 174,356,021</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, 2022 Discretely Presented Component Unit

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 44,712	\$ 210,533	\$ 255,245
Investment return, net	(392,031)	(599,490)	(991,521)
Nongift and other income	—	20,000	20,000
Net assets released from restriction	317,134	(317,134)	—
<b>Total Support and Revenue (Loss)</b>	<b>(30,185)</b>	<b>(686,091)</b>	<b>(716,276)</b>
<b>Expenses</b>			
Program services	243,150	—	243,150
Management and general	99,170	—	99,170
<b>Total Expenses</b>	<b>342,320</b>	<b>—</b>	<b>342,320</b>
<b>Change in Net Assets</b>	<b>(376,250)</b>	<b>(682,346)</b>	<b>(1,058,596)</b>
<b>Net Assets, Beginning of Year</b>	<b>3,038,126</b>	<b>5,508,982</b>	<b>8,547,108</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,661,876</b>	<b>\$ 4,826,636</b>	<b>\$ 7,488,512</b>

# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF CASH FLOWS

Page 1 Of 2

	For the Years Ended June 30,	
	2023	2022
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 30,077,176	\$ 35,282,891
Grants and contracts	34,991	36,053
Auxiliary enterprise charges		
Residential Living	3,490,568	3,138,874
Memorial Union	3,746,462	3,110,837
Sales and services of educational departments	2,131,595	2,334,900
Collection of loans issued to students	232,122	71,495
Other receipts and disbursements	291,404	3,071,600
Self-insurance premium	1,535,519	1,718,542
Payments to suppliers	(24,159,963)	(22,077,753)
Payments to employees	(69,351,557)	(66,151,386)
Payments for scholarships and fellowships	(1,819,192)	(8,529,179)
Payments for self-insurance claims and administrative fees	(10,423,697)	(9,542,903)
<b>Net Cash Used in Operating Activities</b>	<b>(64,214,572)</b>	<b>(57,536,029)</b>
<b>Cash Flows Provided by Investing Activities</b>		
Investment income	2,333,119	52,846
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	23,721,526	24,601,458
Local appropriations	33,714,159	31,525,791
Gifts and grants for other than capital purposes	33,637,470	44,071,905
Federal Family Education loan receipts	24,622,187	26,406,911
Federal Family Education loan disbursements	(24,622,187)	(26,406,911)
Other payments	(1,650,310)	(5,432,906)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>89,422,845</b>	<b>94,766,248</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Interest received from leases	19,000	18,795
Rents received from leases	127,653	116,280
Purchase of capital assets	(14,410,335)	(23,479,697)
Gifts and grants for capital purposes	251,478	251,478
Principal paid on leases and subscriptions	(1,608,110)	(74,305)
Principal paid on long-term debt	(2,013,903)	(7,491,019)
Interest paid on long-term debt	(1,402,670)	(1,730,372)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(19,036,887)</b>	<b>(32,388,840)</b>
<b>Change in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents</b>	<b>8,504,505</b>	<b>4,894,225</b>
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year</b>	<b>71,401,665</b>	<b>66,507,440</b>
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - End of Year</b>	<b>\$ 79,906,170</b>	<b>\$ 71,401,665</b>



# WASHBURN UNIVERSITY OF TOPEKA

## STATEMENTS OF CASH FLOWS

Page 2 Of 2

	For the Years Ended June 30,	
	2023	2022
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (76,875,535)	\$ (75,001,591)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	11,958,914	11,025,072
Loss on disposal of fixed assets	28,504	2,313
Changes in assets and liabilities:		
Receivables, net	(1,812,762)	5,360,693
Inventories	(38,487)	(159,295)
Other assets	233,864	(409,702)
Perkins loans receivable	232,122	71,495
Accounts payable	1,424,824	2,458,205
Unearned revenue	596,642	(706,335)
Deposits	(51,973)	52,647
Deferred inflow from leases	(134,244)	(124,144)
Compensated absences	223,559	(105,387)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (64,214,572)</b>	<b>\$ (57,536,029)</b>
<b>Noncash Investing and Financing Transactions</b>		
Right-to-use assets obtained through leases and subscriptions	\$ 704,750	\$ 405,300

# WASHBURN UNIVERSITY OF TOPEKA

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

### 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 if held to maturity.

**Bond Issuance Costs**

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

**Capital Assets**

Capital assets, other than right-to-use intangible assets recorded through leases or subscription-based information technology arrangements (SBITAs), 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.

## WASHBURN UNIVERSITY OF TOPEKA

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

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

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

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

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

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

### **Leasing Arrangements**

For arrangement in which the University is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

For arrangements where the University is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The University used the average interest rate from the most recent bond issuance to calculate the present value of lease payments when the rate implicit in the lease is not known. The University includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the University will exercise the option. The University has elected to combine lease and non-lease components for all lease contracts and also has not recognized RTU assets and lease liabilities for leases with terms for 12 months or less.

### **Subscription-Based Information Technology Arrangements (SBITAs)**

Effective July 1, 2022, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which requires retroactive application, if practicable. The University determined it was not practicable to obtain the necessary information to restate the prior fiscal year. The implementation of GASB 96 had no net position impact at July 1, 2022. The RTU subscription assets and subscription liabilities were \$3,501,978 and \$3,476,985, respectively, at July 1, 2022.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The University recognizes a RTU subscription asset, an intangible asset, and a corresponding subscription liability. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

The subscription is amortized over the term of the subscription contract. The subscription contracts do not contain variable lease costs that are material.

### **Unearned Revenue**

Unearned revenue at June 30, 2023, consists of unearned student fees of \$1,349,816 and deferred capital gifts of \$2,517,215. Unearned revenue at June 30, 2022, consists of unearned student fees of \$1,146,691 and deferred capital gifts of \$2,123,699.

**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, lease and subscription assets, net of accumulated depreciation and amortization, net of related liabilities.

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.

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, 2023 and 2022, the University's cash and cash equivalents consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 71,185,035	\$ 61,007,029
Restricted cash and cash equivalents	8,721,135	10,394,636
	<u>\$ 79,906,170</u>	<u>\$ 71,401,665</u>

## WASHBURN UNIVERSITY OF TOPEKA

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

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.

At June 30, 2023 and 2022, the University's cash and cash equivalents were held in the following institutions:

	<u>2023</u>	<u>2022</u>
Carrying balance of deposits at financial institutions	\$ 30,357,319	\$ 24,451,318
State of Kansas Municipal Investment Pool	49,548,851	46,950,347
	<u>\$ 79,906,170</u>	<u>\$ 71,401,665</u>

The University had no bank balances exposed to custodial credit risk at June 30, 2023 or 2022.

The University invests with the State of Kansas Municipal Investment Pool (KMIP) throughout the year. Investments of \$49,548,851 and \$46,950,347 measured at net asset value, which approximates fair value, at June 30, 2023 and 2022, 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.

## WASHBURN UNIVERSITY OF TOPEKA

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

Endowment investments reported by the University at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Mutual funds, carried at fair value (cost of \$338,532 and \$336,948 for 2023 and 2022, respectively)	<u>\$ 378,029</u>	<u>\$ 351,784</u>

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

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

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023, the University has 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, 2023.

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, 2023.

#### **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.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

Receivables from the Foundation consisted of the following items held by the Foundation as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contributions for scholarships and other activities	\$ 1,327,623	\$ 1,358,636
Held pledges receivable	1,263	1,310
Restricted endowment income	2,059,719	1,977,326
Unreimbursed costs due to the University - Current	228,544	255,329
University endowment funds managed by the Foundation (see activity below)	26,804,809	25,860,000
	<u>\$ 30,421,958</u>	<u>\$ 29,452,601</u>

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

	<u>2023</u>	<u>2022</u>
Current receivable from Washburn University Foundation	\$ 228,544	\$ 255,329
Noncurrent receivable from Washburn University Foundation	30,193,414	29,197,272
	<u>\$ 30,421,958</u>	<u>\$ 29,452,601</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, 2023 and 2022 and for the years then ended is as follows:

	<u>2023</u>	<u>2022</u>
Original principal transferred	\$ 23,364,866	\$ 23,364,866
Post-transfer additions, net	5,970,186	5,765,297
Earnings added to corpus	129,693	134,476
Gifts received	159,276	190,203
End of year, at cost	29,624,021	29,454,842
Cumulative net unrealized gains (losses)	(2,819,212)	(3,594,843)
End of year, at fair value	<u>\$ 26,804,809</u>	<u>\$ 25,860,000</u>

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

### 5. Capital and Right-to-Use Assets

The following is a summary of capital and right-to-use assets for the years ended June 30, 2023 and 2022:

	2023				
	Balance - July 1, 2022 (restated)	Additions	Retirements	Construction in Progress Placed in Service	Balance - June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 1,596,172	\$ —	\$ —	\$ —	\$ 1,596,172
Works of art and historical treasures	5,148,794	316,500	—	—	5,465,294
Construction in progress	23,757,103	11,206,311	—	(1,347,827)	33,615,587
Total capital assets, not being depreciated	30,502,069	11,522,811	—	(1,347,827)	40,677,053
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	230,422,366	2,034,481	—	—	232,456,847
Furniture, fixtures and equipment	36,850,971	1,668,938	(160,210)	—	38,359,699
Computers and electronic equipment	23,171,476	247,492	(84,596)	—	23,334,372
Books and collections	21,366,681	—	—	—	21,366,681
Broadcasting tower, antenna and equipment	8,333,333	142,113	—	—	8,475,446
Vehicles	2,354,612	189,839	(5,975)	—	2,538,476
Total capital assets, being depreciated	322,499,439	4,282,863	(250,781)	—	326,531,521
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(123,576,520)	(7,875,668)	—	—	(131,452,188)
Furniture, fixtures and equipment	(31,168,876)	(1,448,081)	125,059	—	(32,491,898)
Computers and electronic equipment	(21,846,265)	(951,519)	84,596	—	(22,713,188)
Books and collections	(21,274,610)	(37,043)	—	—	(21,311,653)
Broadcasting tower, antenna and equipment	(7,382,179)	(148,581)	—	—	(7,530,760)
Vehicles	(1,481,989)	(175,024)	5,975	—	(1,651,038)
Total accumulated depreciation	(206,730,439)	(10,635,916)	215,630	—	(217,150,725)
Total capital assets being depreciated, net	115,769,000	(6,353,053)	(35,151)	—	109,380,796
RTU assets - leases					
Building and improvements	405,300	—	—	—	405,300
Less accumulated amortization	(74,305)	(81,060)	—	—	(155,365)
Total RTU assets - leases, net	330,995	(81,060)	—	—	249,935
RTU assets - SBITA					
Building and improvements	3,501,978	704,750	—	—	4,206,728
Less accumulated amortization - SBIT	—	(1,241,938)	—	—	(1,241,938)
Total RTU assets - SBITA, net	3,501,978	(537,188)	—	—	2,964,790
Total capital and RTU assets	\$ 150,104,042	\$ 4,551,510	\$ (35,151)	\$ (1,347,827)	\$ 153,272,574

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

	2022				
	Balance - July 1, 2021	Additions	Retirements	Construction In Progress Placed In Service	Balance - June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 1,444,104	\$ 152,068	\$ —	\$ —	\$ 1,596,172
Works of art and historical treasures	5,133,794	15,000	—	—	5,148,794
Construction in progress	4,176,431	21,482,534	—	(1,901,862)	23,757,103
Total capital assets, not being depreciated	10,754,329	21,649,602	—	(1,901,862)	30,502,069
Capital assets, being depreciated:					
Buildings, improvements and infrastructure	228,540,841	1,881,525	—	—	230,422,366
Furniture, fixtures and equipment	35,550,526	1,358,448	(58,003)	—	36,850,971
Computers and electronic equipment	23,223,760	209,113	(261,397)	—	23,171,476
Books and collections	21,366,681	—	—	—	21,366,681
Broadcasting tower, antenna and equipment	8,315,070	18,263	—	—	8,333,333
Vehicles	2,131,582	264,605	(41,575)	—	2,354,612
Total capital assets, being depreciated	319,128,460	3,731,954	(360,975)	—	322,499,439
Less accumulated depreciation for:					
Buildings, improvements and infrastructure	(115,781,598)	(7,794,922)	—	—	(123,576,520)
Furniture, fixtures and equipment	(29,644,888)	(1,579,678)	55,690	—	(31,168,876)
Computers and electronic equipment	(20,872,214)	(1,235,448)	261,397	—	(21,846,265)
Books and collections	(21,212,779)	(61,831)	—	—	(21,274,610)
Broadcasting tower, antenna and equipment	(7,239,762)	(142,417)	—	—	(7,382,179)
Vehicles	(1,387,093)	(136,471)	41,575	—	(1,481,989)
Total accumulated depreciation	(196,138,334)	(10,950,767)	358,662	—	(206,730,439)
Total capital assets being depreciated, net	122,990,126	(7,218,813)	(2,313)	—	115,769,000
Right to use assets - leases					
Building and improvements	—	405,300	—	—	405,300
Less accumulated amortization					
Building and improvements	—	(74,305)	—	—	(74,305)
Total RTU assets - leases, net	—	330,995	—	—	330,995
Total capital and RTU assets	\$ 133,744,455	\$ 14,761,784	\$ (2,313)	\$ (1,901,862)	\$ 146,602,064

The University had approximately \$12,882,481 and \$16,627,208 at June 30, 2023 and 2022, 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, 2023 and 2022:

	Balance July 1, 2022 (restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Bonds, leases and subscription liabilities:						
Building revenue bonds	\$ 47,990,000	\$ —	\$ 1,755,000	\$ 46,235,000	\$ 2,290,000	\$ 43,945,000
Direct financing lease	523,360	40,867	265,323	298,904	274,861	24,043
Subscription liability	3,476,985	704,750	1,261,727	2,920,008	1,142,505	1,777,503
Lease liability	330,995	—	81,060	249,935	81,060	168,875
Total bonds, leases and subscription liabilities	52,321,340	745,617	3,363,110	49,703,847	3,788,426	45,915,421
Other noncurrent liabilities:						
Unamortized bond premium	1,437,137	—	258,904	1,178,233	—	1,178,233
Compensated absences	2,187,975	223,559	—	2,411,534	2,044,694	366,840
Unearned revenue	3,270,390	2,106,689	1,510,048	3,867,031	2,358,167	1,508,864
Total other noncurrent liabilities	6,895,502	2,330,248	1,768,952	7,456,798	4,402,861	3,053,937
Total noncurrent liabilities	\$ 59,216,842	\$ 3,075,864	\$ 5,132,062	\$ 57,160,644	\$ 8,191,287	\$ 48,969,357

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
Bonds, leases and subscription liabilities:						
Building revenue bonds	\$ 50,145,000	\$ —	\$ 2,155,000	\$ 47,990,000	\$ 1,755,000	\$ 46,235,000
Direct financing lease	5,859,378	—	5,336,019	523,360	258,322	265,038
Lease liability	—	405,300	74,305	330,995	81,060	249,935
Total bonds, leases and subscription liabilities	56,004,378	405,300	7,565,324	48,844,355	2,094,382	46,749,973
Other noncurrent liabilities:						
Unamortized bond premium	1,696,230	—	259,092	1,437,137	—	1,437,138
Compensated absences	2,293,362	(105,388)	—	2,187,975	1,818,495	369,479
Unearned revenue	3,976,725	1,436,348	2,142,683	3,270,390	1,510,048	1,760,342
Total other noncurrent liabilities	7,966,317	1,330,960	2,401,775	6,895,502	3,328,543	3,566,960
Total noncurrent liabilities	\$ 63,970,695	\$ 1,736,260	\$ 9,967,099	\$ 55,739,857	\$ 5,422,925	\$ 50,316,932

### Building Revenue Bonds

#### 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.



## **WASHBURN UNIVERSITY OF TOPEKA**

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

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.

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.

## WASHBURN UNIVERSITY OF TOPEKA

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

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 annual requirements to repay all bonds (excluding the 2015B Series, which were privately placed) outstanding at June 30, 2023, including interest payments, are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,935,000	\$ 1,504,386	\$ 3,439,386
2025	1,985,000	1,451,649	3,436,649
2026	2,080,000	1,365,349	3,445,349
2027	2,165,000	1,282,149	3,447,149
2028	2,240,000	1,223,490	3,463,490
2029-2033	10,050,000	4,858,681	14,908,681
2034-2038	12,995,000	2,717,014	15,712,014
2039-2042	7,990,000	537,280	8,527,280
	<u>\$ 41,440,000</u>	<u>\$ 14,939,998</u>	<u>\$ 56,379,998</u>

## 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, 2023, including interest payments, are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 355,000	\$ 103,164	\$ 458,164
2025	360,000	95,527	455,527
2026	370,000	87,781	457,781
2027	380,000	79,821	459,821
2028	385,000	71,645	456,645
2029-2033	2,055,000	230,318	2,285,318
2034-2035	890,000	28,830	918,830
	<u>\$ 4,795,000</u>	<u>\$ 697,086</u>	<u>\$ 5,492,086</u>

### Direct Financing Leases

On June 28, 2013, the University entered into a direct financing 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 \$5,058,604 and \$4,508,289 at June 30, 2023 and 2022, respectively. This lease was paid off early in December of 2021.

On July 19, 2019, the University entered into a direct financing 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.

On July 6, 2022, the University entered into a direct financing lease agreement to fund computer equipment purchases for the Tech campus for laptops. The original amount of the five-year lease was \$40,867 with an interest rate of 7.48%. Monthly principal and interest payments of \$819 are due each month beginning in 2023 and ending in 2028. Title to the equipment is held by the University.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

#### Lease Arrangements

During the year ended June 30, 2022, the University entered into a lease arrangement for buildings and related improvements. The lease contract expires July 2026. Payments on the lease are \$6,755 a month at an implied interest rate of 2.6%. The right-to-use assets are intangible assets and are recorded in Note 5. During 2023 and 2022, the University paid \$81,060 and \$74,305, respectively, in lease payments.

The annual requirements to repay leases liabilities outstanding at June 30, 2023, including interest payments, are as follows:

<b>For the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 355,921	\$ 7,212	\$ 363,133
2025	88,604	4,562	93,166
2026	89,188	1,870	91,059
2027	12,692	1,065	13,757
2028	2,434	387	2,821
	<u>\$ 548,839</u>	<u>\$ 15,097</u>	<u>\$ 563,936</u>

#### Subscription Arrangements

The annual requirements to repay subscription liabilities outstanding at June 30, 2023, including interest payments, are as follows:

<b>For the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,142,505	\$ 57,241	\$ 1,199,746
2025	797,772	35,161	832,933
2026	449,003	64,365	513,368
2027	262,713	10,712	273,425
2028	268,015	5,410	273,425
	<u>\$ 2,920,008</u>	<u>\$ 172,889</u>	<u>\$ 3,092,897</u>

#### Lessor

The University has entered into arrangements to lease cell towers owned by the University to others. The lease contracts expire at various dates through 2032, assuming that all renewal options are exercised by the lessee. During 2023 and 2022, the University received \$146,651 and \$135,075, respectively, in lease revenue which represents the total amount of inflows of resources recognized in the reporting period from leases.

## **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, 2023 and 2022 was approximately \$4,650,000 and \$4,418,000, 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 2023 and 2022, 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, 2023 and 2022 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.

## WASHBURN UNIVERSITY OF TOPEKA

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

The cash balance in the health insurance fund as of June 30, 2023 and 2022 was approximately \$6,697,000 and \$8,416,000, respectively.

The changes in health care claims payable for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Claims payable - beginning of year	\$ 363,964	\$ 389,586
Incurred claims	8,896,265	7,585,408
Claim payments	<u>(8,875,711)</u>	<u>(7,611,030)</u>
Claims payable - end of year	<u>\$ 384,518</u>	<u>\$ 363,964</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.

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.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

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 2023-2024 fiscal year totaled approximately \$46,684 at June 30, 2023, 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, 2024 have not been accrued at June 30, 2023 and will be recognized in expense in the year ended June 30, 2024 when funds are returned.

## 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, 2023 and 2022.

### Condensed Combined Statements of Net Position For the Year Ended June 30, 2023

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Assets</b>				
Current assets	\$ 73,988,814	\$ 12,587,539	\$ —	\$ 86,576,353
Noncurrent assets	188,084,716	5,370,571	—	193,455,287
<b>Total Assets</b>	<b>262,073,530</b>	<b>17,958,110</b>	<b>—</b>	<b>280,031,640</b>
<b>Liabilities</b>				
Current liabilities	17,614,936	1,056,222	—	18,671,158
Noncurrent liabilities	48,750,954	218,404	—	48,969,358
<b>Total Liabilities</b>	<b>66,365,890</b>	<b>1,274,626</b>	<b>—</b>	<b>67,640,516</b>
<b>Deferred Inflows of Resources</b>	<b>857,932</b>	<b>—</b>	<b>—</b>	<b>857,932</b>
<b>Net Position</b>				
Net investment in capital assets	96,748,188	5,299,211	—	102,047,399
Restricted - nonexpendable	26,942,371	—	—	26,942,371
Restricted - expendable	12,955,785	2,430,756	—	15,386,541
Unrestricted	58,203,362	8,953,519	—	67,156,881
<b>Total Net Position</b>	<b>\$ 194,849,706</b>	<b>\$ 16,683,486</b>	<b>\$ —</b>	<b>\$ 211,533,192</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, 2023

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Operating Revenues</b>				
Tuition and fees	\$ 28,551,811	\$ 2,720,335	\$ —	\$ 31,272,146
Auxiliary enterprises	6,807,943	—	—	6,807,943
Other operating revenues	2,682,959	254,676	(105,560)	2,832,075
<b>Total Operating Revenues</b>	<b>38,042,713</b>	<b>2,975,011</b>	<b>(105,560)</b>	<b>40,912,164</b>
<b>Operating Expenses</b>				
Education and general	79,932,091	11,765,073	(1,038,357)	90,658,808
Depreciation	10,585,721	1,373,193	—	11,958,914
Financial aid	1,564,209	254,983	—	1,819,192
Auxiliary enterprises	4,462,608	—	—	4,462,608
Self-insurance claims, net of premiums	7,955,381	—	932,797	8,888,178
<b>Total Operating Expenses</b>	<b>104,500,010</b>	<b>13,393,249</b>	<b>(105,560)</b>	<b>117,787,699</b>
<b>Operating Loss</b>	<b>(66,457,297)</b>	<b>(10,418,238)</b>	<b>—</b>	<b>(76,875,535)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State and local appropriations	49,472,872	7,962,813	—	57,435,685
Grants and contracts	10,348,441	1,849,400	—	12,197,841
Gifts	19,730,484	276,922	—	20,007,406
Investment income	2,869,577	478,144	—	3,347,721
Interest on indebtedness	(1,402,670)	—	—	(1,402,670)
Other nonoperating expenses	(1,338,435)	(311,875)	—	(1,650,310)
<b>Net Nonoperating Revenues</b>	<b>79,680,269</b>	<b>10,255,404</b>	<b>—</b>	<b>89,935,673</b>
<b>Income (Loss) Before Other Revenues</b>	<b>13,222,972</b>	<b>(162,834)</b>	<b>—</b>	<b>13,060,138</b>
<b>Capital Grant and Gifts</b>	<b>251,478</b>	<b>—</b>	<b>—</b>	<b>251,478</b>
<b>Transfers</b>	<b>32,625</b>	<b>(32,625)</b>	<b>—</b>	<b>—</b>
<b>Additions to Permanent Endowments</b>	<b>169,179</b>	<b>—</b>	<b>—</b>	<b>169,179</b>
<b>Change in Net Position</b>	<b>13,676,254</b>	<b>(195,459)</b>	<b>—</b>	<b>13,480,795</b>
<b>Net Position - Beginning of Year</b>	<b>181,173,452</b>	<b>16,878,945</b>	<b>—</b>	<b>198,052,397</b>
<b>Net Position - End of Year</b>	<b>\$ 194,849,706</b>	<b>\$ 16,683,486</b>	<b>\$ —</b>	<b>\$ 211,533,192</b>



# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements *(Continued)*

### Condensed Combined Statements of Net Position June 30, 2022

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Assets</b>				
Current assets	\$ 64,173,640	\$ 11,919,963	\$ —	\$ 76,093,603
Noncurrent assets	181,285,392	6,512,455	—	187,797,847
<b>Total Assets</b>	<b>245,459,032</b>	<b>18,432,418</b>	<b>—</b>	<b>263,891,450</b>
<b>Liabilities</b>				
Current liabilities	13,496,142	1,033,803	—	14,529,945
Noncurrent liabilities	49,797,262	519,670	—	50,316,932
<b>Total Liabilities</b>	<b>63,293,404</b>	<b>1,553,473</b>	<b>—</b>	<b>64,846,877</b>
<b>Deferred Inflows of Resources</b>	<b>992,176</b>	<b>—</b>	<b>—</b>	<b>992,176</b>
<b>Net Position</b>				
Net investment in capital assets	88,680,433	6,062,265	—	94,742,698
Restricted - nonexpendable	25,986,927	—	—	25,986,927
Restricted - expendable	14,346,946	2,571,638	—	16,918,584
Unrestricted	52,159,146	8,245,042	—	60,404,188
<b>Total Net Position</b>	<b>\$ 181,173,452</b>	<b>\$ 16,878,945</b>	<b>\$ —</b>	<b>\$ 198,052,397</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, 2022

	Washburn University	Washburn Tech	Eliminations	Combined
<b>Operating Revenues</b>				
Tuition and fees	\$ 30,607,047	\$ 2,836,965	\$ —	\$ 33,444,012
Auxiliary enterprises	6,446,057	—	—	6,446,057
Other operating revenues	2,790,241	219,474	(100,100)	2,909,615
<b>Total Operating Revenues</b>	<b>39,843,345</b>	<b>3,056,439</b>	<b>(100,100)</b>	<b>42,799,684</b>
<b>Operating Expenses</b>				
Education and general	76,119,278	11,280,571	(1,104,943)	86,294,907
Depreciation	9,434,098	1,590,974	—	11,025,072
Financial aid	7,993,830	535,349	—	8,529,179
Auxiliary enterprises	4,127,756	—	—	4,127,756
Self-insurance claims, net of premiums	6,819,518	—	1,004,843	7,824,361
<b>Total Operating Expenses</b>	<b>104,494,480</b>	<b>13,406,894</b>	<b>(100,100)</b>	<b>117,801,275</b>
<b>Operating Loss</b>	<b>(64,651,135)</b>	<b>(10,350,455)</b>	<b>—</b>	<b>(75,001,591)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State and local appropriations	46,376,986	9,750,263	—	56,127,249
Grants and contracts	25,232,862	2,047,685	—	27,280,547
Gifts	9,888,833	297,901	—	10,186,734
Investment income	(5,281,251)	23,815	—	(5,257,436)
Interest on indebtedness	(1,470,287)	(993)	—	(1,471,280)
Other nonoperating expenses	(5,402,513)	(30,393)	—	(5,432,906)
<b>Net Nonoperating Revenues</b>	<b>69,344,630</b>	<b>12,088,278</b>	<b>—</b>	<b>81,432,908</b>
<b>Income (Loss) Before Other Revenues</b>	<b>4,693,493</b>	<b>1,737,823</b>	<b>—</b>	<b>6,431,316</b>
<b>Capital Grant and Gifts</b>	<b>251,478</b>	<b>—</b>	<b>—</b>	<b>251,478</b>
<b>Transfers</b>	<b>(1,046,722)</b>	<b>1,046,722</b>	<b>—</b>	<b>—</b>
<b>Additions to Permanent Endowments</b>	<b>250,217</b>	<b>—</b>	<b>—</b>	<b>250,217</b>
<b>Change in Net Position</b>	<b>4,148,467</b>	<b>2,784,545</b>	<b>—</b>	<b>6,933,012</b>
<b>Net Position - Beginning of Year</b>	<b>177,024,985</b>	<b>14,094,400</b>	<b>—</b>	<b>191,119,385</b>
<b>Net Position - End of Year</b>	<b>\$ 181,173,452</b>	<b>\$ 16,878,945</b>	<b>\$ —</b>	<b>\$ 198,052,397</b>

## 11. Washburn University Foundation - Accounting Policies and Disclosures

### Basis of Financial Presentation

The Foundation's consolidated financial statements include the accounts of the Foundation, the LLC, and the 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 either require 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, a Federally Insured Cash Account that is valued using pricing models, as provided by the investment fund, and life insurance policies that are valued based on information provided by the life insurance companies.

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, 2023 and 2022, 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. The Foundation allocates a portion of investment income from pooled assets to support the Foundation's operations. The amount of investment income allocated for fiscal year 2023 and 2022 was approximately \$1,139,000 and \$1,931,000, respectively. The remaining investment return from pooled assets was generally allocated to each fund in the pool based on its relative market value.

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, 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 Pronouncements**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued additional ASUs, which amended and clarified the standard. The most significant changes are the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position, as well as expanded disclosure requirements. The Foundation adopted the new lease standard on July 1, 2022 using the modified retrospective effective date transition method while utilizing certain practical expedients.

## WASHBURN UNIVERSITY OF TOPEKA

### Notes to Financial Statements (Continued)

Management has elected to apply the package of practical expedients during transition that allows the Foundation to not reassess expired or existing contracts and leases for decisions that were already properly made under Topic 840, Leases. Management has also elected to apply the risk-free discounted interest rate practical expedient, which allows the Foundation to make an accounting policy election to use a riskfree rate as the discount rate. The transition to these ASUs represents a change in accounting principle. Management has determined the adoption of this new standard did not have a material impact on the Foundation's consolidated financial statement. Accordingly, no adjustment is required at the time of adoption.

### Investments

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

	2023			
	Total	Level 1	Level 2	Level 3
Investments carried at fair value:				
U.S. equity	\$ 7,100,609	\$ 7,100,609	\$ —	\$ —
International equity	4,871,665	4,871,665	—	—
Fixed income	4,336,355	—	4,336,355	—
Cash management	3,261,379	—	3,261,379	—
Life insurance policies	1,740,145	—	1,740,145	—
Other	223,945	—	—	223,945
Total	<u>\$ 21,534,098</u>	<u>\$ 11,972,274</u>	<u>\$ 9,337,879</u>	<u>\$ 223,945</u>
Investments at NAV	<u>\$ 126,002,226</u>			
Private equity investments	\$ 24,877,073			
Private real estate investments	6,336,569			
Total at cost	<u>\$ 31,213,642</u>			
Total investments	<u>\$ 178,749,966</u>			

# WASHBURN UNIVERSITY OF TOPEKA

## Notes to Financial Statements (Continued)

	<b>2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments carried at fair value:				
U.S. equity	\$ 9,534,582	\$ 9,534,582	\$ —	\$ —
International equity	3,962,143	3,962,143	—	—
Fixed income	4,585,330	—	4,585,330	—
Cash management	3,933,912	—	3,933,912	—
Life insurance policies	1,778,964	—	1,778,964	—
Other	225,560	—	—	225,560
Total	<u>\$ 24,020,491</u>	<u>\$ 13,496,725</u>	<u>\$ 10,298,206</u>	<u>\$ 225,560</u>
Investments at NAV	<u>\$ 120,951,829</u>			
Private equity investments	\$ 22,000,638			
Private real estate investments	5,597,944			
Total at cost	<u>\$ 27,598,582</u>			
Total investments	<u>\$ 172,570,902</u>			

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

	<b>2023</b>	<b>2022</b>
Beginning fair value	\$ 225,560	\$ 224,078
Net change in value	<u>(1,615)</u>	1,482
Ending fair value	<u>\$ 223,945</u>	<u>\$ 225,560</u>

### Investments at NAV

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

<b>Description</b>	<b>June 30, 2023</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
U.S. equity (a)	\$ 25,564,270	None	Monthly, quarterly	10-60 days
International equity (b)	22,397,063	None	Semi-monthly, monthly	6-31 days
Global equity (c)	23,039,274	None	Weekly, every three years	6-126 days
Alternatives (d)	26,212,405	None	Monthly, quarterly, annually	10-90 days
Public real estate (e)	9,161,725	None	Monthly	15-30 days
Fixed income (f)	19,627,489	None	Daily	1-2 days
	<u>\$ 126,002,226</u>			

## WASHBURN UNIVERSITY OF TOPEKA

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

Description	June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
U.S. equity (a)	\$ 21,502,355	None	Monthly	15-30 days
International equity (b)	22,078,028	None	Semi-monthly, monthly, quarterly	6-45 days
Global equity (c)	19,339,861	None	Monthly	6 days
Alternatives (d)	30,787,707	None	Semi-monthly, monthly, quarterly, annually	2-90 days
Public real estate (e)	8,554,497	None	Monthly	15-30 days
Fixed income (f)	18,689,381	None	Daily, monthly	2-5 days
	\$ 120,951,829			

- (a) This category includes investments in an offshore fund, limited partnership with strategies, including ex Small Cap Growth, Opportunistic, and long/short funds (130/30).
- (b) This category includes investments in a commingled account, an investment trust, an offshore fund, and limited partnerships with strategies, including Global ex U.S. Diverse, Global ex U.S. Growth, Global ex U.S. Small Company Equity, Emerging Market Equity, and Chinese Equity.
- (c) This category includes an investment in an offshore fund and an open-ended investment company with strategies in Global Value and Concentrated Long Equity.
- (d) This category includes investments in offshore funds, limited partnerships and a commingled account with strategies including Long/Short Growth; Multi-Strategy, Event Driven; Fixed Income Arbitrage; Multi-Strategy, Credit; Global Macro, 130/30; Global Tactical Asset Allocation; and Diversified Multi-Strategy. Certain funds may have the ability to impose suspension or postponement of redemptions until further notice (a Gate). In addition, certain funds may delay payment of a portion of redemption proceeds (a Holdback) until the annual audited financial statements are distributed.
- (e) This category includes investments in a commingled account and limited partnerships with strategies, including Global REIT, MLP-Energy, and Carbon Allowances.
- (f) This category includes commingled accounts with an Intermediate-Term Fixed Income Strategy and a short-term fixed income 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 2023 it was determined that the value of five private investments were determined to be impaired and, accordingly, the carrying value of these investments was reduced in the amount of \$273,373 during 2023. The impairment adjustment resulted in a reduction of Foundation investment income of \$210,497, and a reduction of investment income on agency funds held for the University and Law School Foundation of \$62,876. The cumulative impairment adjustments on private placement investments since inception total \$4,815,111, none of which occurred during 2022.

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 \$47,881,718 as of June 30, 2023, which indicates a net unrealized gain of \$16,668,076. The net unrealized gain is composed of gross unrealized gains of \$16,823,671 and gross unrealized losses of \$155,595.

The Foundation has unfunded commitments on private placement investment funds of approximately \$18,000,000 at June 30, 2023.

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.

## WASHBURN UNIVERSITY OF TOPEKA

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

#### Investment Return

Amounts included in investment return, net of income (loss) allocated to agency funds are as follows:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 2,001,784	\$ 2,888,994
Net realized gain	1,780,527	3,051,290
Change in net unrealized (loss) gain	8,984,289	(18,529,828)
Investment expense	(724,763)	(728,670)
Permanent impairment on private placement investments	(210,497)	—
	<u>\$ 11,831,340</u>	<u>\$ (13,318,214)</u>

#### **Pledges Receivable**

The Foundation estimates pledges receivable will be collected as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 5,263,070	\$ 3,096,065
Receivable in one to five years	10,895,567	8,063,525
Thereafter	15,301,584	13,759,282
	<u>31,460,221</u>	<u>24,918,872</u>
Less allowance for uncollectible pledges	(86,644)	(100,029)
Less unamortized discount	(7,772,496)	(6,200,277)
	<u>\$ 23,601,081</u>	<u>\$ 18,618,566</u>

Pledges receivable (after discount) from two single donors total approximately \$16,700,000 at June 30, 2023. Pledges receivable (after discount) from one single donor total approximately \$10,185,000 at June 30, 2022. Pledges receivables are discounted at 4.2% and 3.6% in 2023 and 2022, respectively, except for one long-term pledge (17 years) in the amount of approximately \$3,961,000, which is discounted at a rate of 5.5% in 2023 and 4.8% in 2022.

## WASHBURN UNIVERSITY OF TOPEKA

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

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.

	<u>2023</u>	<u>2022</u>
Pledges receivable, beginning	\$ 18,618,566	\$ 20,623,559
New pledges	10,600,219	3,924,746
Pledge payments received	(3,492,729)	(2,979,252)
Pledges written off	(556,069)	(63,036)
Reclassifications and change in discount	(1,568,906)	(2,887,451)
Pledges receivable, ending	<u>\$ 23,601,081</u>	<u>\$ 18,618,566</u>

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

The Foundation is the residual beneficiary of an estate gift from the trust of an individual donor with a current value of approximately \$5,500,000 (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>2023</u>	<u>2022</u>
Perpetual trusts	\$ 8,607,680	\$ 8,144,016
Charitable remainder trusts	149,751	144,491
Charitable lead trust	322,595	636,182
	<u>\$ 9,080,026</u>	<u>\$ 8,924,689</u>

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

	<u>2023</u>	<u>2022</u>
Beginning fair value	\$ 8,924,689	\$ 10,879,719
Distributions to Foundation	(574,553)	(612,670)
Change in value in beneficial interest	729,890	(1,342,360)
Ending fair value	<u>\$ 9,080,026</u>	<u>\$ 8,924,689</u>

# 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:

2023	With Donor Restrictions			Without Donor Restrictions	Foundation Total Net Assets	Agency Funds (Related Parties)	Total	%
	Perpetual	Spendable	Pledge Receivables					
Scholarship	\$ 78,132,119	\$ 3,335,424	\$ 3,939,488	\$ —	\$ 85,407,031	\$25,112,717	\$ 110,519,748	50.4 %
Student support	1,025,670	524,027	107,028	—	1,656,725	89,292	1,746,017	0.8
Program support	21,022,881	5,312,641	1,628,769	—	27,964,291	3,271,385	31,235,676	13.8
Faculty support	4,319,588	171,333	—	—	4,490,921	212,013	4,702,934	2.3
Professorship/Chairs	13,058,064	—	281,075	—	13,339,139	3,581,644	16,920,783	8.2
Capital	1,786,833	3,743,114	17,628,655	—	23,158,602	67,410	23,226,012	10.1
Restricted for time purposes	—	—	7,524	—	7,524	4,084	11,608	0.1
Area of greatest need:								
Undesignated	—	—	—	14,966,888	14,966,888	3,961,947	18,928,835	9.4
Other	—	156,730	—	—	156,730	—	156,730	0.2
Perpetual endowment	5,534,300	—	—	—	5,534,300	2,250,580	7,784,880	3.3
Undistributed income subject to spending policy	2,929,723	—	—	—	2,929,723	(364,127)	2,565,596	1.4
	\$ 127,809,178	\$ 13,243,269	\$ 23,592,539	\$ 14,966,888	\$ 179,611,874	\$ 38,186,945	\$ 217,798,819	100.0 %

2022	With Donor Restrictions			Without Donor Restrictions	Foundation Total Net Assets	Agency Funds (Related Parties)	Total	%
	Perpetual	Spendable	Pledge Receivables					
Scholarship	\$ 71,498,175	\$ 5,334,326	\$ 3,012,647	\$ —	\$ 79,845,148	\$ 24,147,479	\$ 103,992,627	50.4 %
Student support	928,013	504,597	98,151	—	1,530,761	85,868	1,616,629	0.8
Program support	19,662,102	4,937,585	2,281,875	—	26,881,562	3,158,307	30,039,869	13.8
Faculty support	4,233,922	166,641	—	—	4,400,563	203,964	4,604,527	2.3
Professorship/Chairs	11,877,274	—	304,743	—	12,182,017	3,516,130	15,698,147	8.2
Capital	1,705,792	12,030,500	12,900,058	—	26,636,350	89,975	26,726,325	10.1
Restricted for time purposes	—	—	5,568	—	5,568	3,468	9,036	0.1
Area of greatest need:								
Undesignated	—	—	—	14,800,216	14,800,216	3,642,500	18,442,716	9.4
Other	—	(97,838)	—	—	(97,838)	—	(97,838)	0.2
Perpetual endowment	5,528,353	—	—	—	5,528,353	2,245,220	7,773,573	3.3
Undistributed income subject to spending policy	2,643,321	—	—	—	2,643,321	(407,126)	2,236,195	1.4
	\$ 118,076,952	\$ 22,875,811	\$ 18,603,042	\$ 14,800,216	\$ 174,356,021	\$ 36,685,785	\$ 211,041,806	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.

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 (4.45% in 2023 and 4.55% in 2022) 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 2023, 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>2023</u>	<u>2022</u>
Fair value of underwater endowment funds	\$ 56,415,795	\$ 58,708,870
Original endowment gift amount	68,849,475	73,154,032
<u>Deficiencies of underwater endowment funds</u>	<u>\$ 12,433,680</u>	<u>\$ 14,445,162</u>

Composition and changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30, 2023 Total</u>
Endowment net assets, beginning of year	\$ 710,675	\$ 94,888,879	\$ 95,599,554
Investment return, net	70,744	8,797,505	8,868,249
Contributions	—	4,360,827	4,360,827
Appropriation of endowment assets for expenditure	(397,333)	(4,480,912)	(4,878,245)
Other changes:			
Release from time restriction	341,300	(341,300)	—
<u>Endowment net assets, end of year</u>	<u>\$ 725,386</u>	<u>\$ 103,224,999</u>	<u>\$ 103,950,385</u>

## WASHBURN UNIVERSITY OF TOPEKA

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

Composition and changes in endowment net assets for the year ended June 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>June 30, 2022 Total</b>
Endowment net assets, beginning of year	\$ 925,410	\$ 105,259,400	\$ 106,184,810
Investment return, net	(30,226)	(12,038,194)	(12,068,420)
Contributions	—	5,968,839	5,968,839
Appropriation of endowment assets for expenditure	(527,621)	(3,958,054)	(4,485,675)
Other changes:			
Release from time restriction	343,112	(343,112)	—
<b>Endowment net assets, end of year</b>	<b>\$ 710,675</b>	<b>\$ 94,888,879</b>	<b>\$ 95,599,554</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, 2023 and 2022, the Foundation owes the University \$215,356 and \$255,329 respectively, for amounts related to outstanding billings on private gift funds and reimbursement of operating expenses.

During 2023 and 2022, the Foundation provided direct support in the amount of \$18,691,420 and \$8,481,371, 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 2023 and 2022. The contributed facilities and services are used for both program and support services and the fair value is estimated using the average price per square foot of similar rental listings.

## 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>2023</u>	<u>2022</u>
Fair market value of agency accounts, beginning of year	\$ 36,685,785	\$ 42,752,665
Contributions	406,130	574,638
Non-gift income	117,907	232,233
Investment return, net	3,432,788	(4,602,455)
Distributions	(1,745,749)	(1,803,030)
Expense allocation for administration and fundraising	(709,916)	(468,266)
	<hr/>	<hr/>
Fair market value of agency accounts, end of year	\$ 38,186,945	\$ 36,685,785

## 12. 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

Effective July 1, 2021, the Foundation adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This accounting standard requires new presentation and disclosure standards for gifts-in-kind. Adoption of the new standard did not have a material impact on the Foundation's financial statements.



## WASHBURN UNIVERSITY OF TOPEKA

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

#### **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>2023</u>	<u>2022</u>
Interest and dividends	\$ 37,276	\$ 73,338
Net realized gain	138,141	206,005
Change in unrealized (loss) gain	624,854	(1,224,133)
Permanent impairment on private placement investments	(10,935)	—
Investment expense	(46,397)	(46,731)
	<u>\$ 742,939</u>	<u>\$ (991,521)</u>

**WASHBURN UNIVERSITY OF TOPEKA**

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Page 1 of 3**

**For the Year Ended June 30, 2023**

<b>Cluster/Program</b>	<b>Federal Agency/ Pass-Through Entity</b>	<b>Pass-Through Entity Identifying Number/ Grant Number</b>	<b>AL Number</b>	<b>Amount</b>	<b>Passed Through To Subrecipients</b>
<b>Student Financial Aid Cluster</b>					
<b>Washburn University</b>					
Federal Direct Student Loans	U.S. Department of Education		84.268	\$ 22,770,003	\$ —
Federal Supplemental Educational Opportunity Grant Program	U.S. Department of Education		84.007	608,005	—
Federal Work-Study Program	U.S. Department of Education				
	WU FY23 CWS payroll thru 6/30/23		84.033	164,247	—
	WU FY23 Community Service payroll		84.033	23,723	—
<b>Total Of 84.033 - FWS</b>				<u>187,970</u>	—
Federal Perkins Loan Program	U.S. Department of Education		84.038	371,528	—
Federal Pell Grant Program	U.S. Department of Education		84.063	7,115,944	—
<b>Washburn Institute Of Technology</b>					
Federal Direct Student Loans	U.S. Department of Education		84.268	1,056,209	—
Federal Pell Grant Program	U.S. Department of Education		84.063	1,017,557	—
<b>Total Student Financial Aid Cluster</b>				<u>33,127,216</u>	—

# WASHBURN UNIVERSITY OF TOPEKA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

Page 2 of 3

For the Year Ended June 30, 2023

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	AL Number	Amount	Passed Through To Subrecipients
<b>TRIO Cluster</b>					
<b>Washburn University</b>					
TRIO Upward Bound	U.S. Department of Education	P047A221537	84.047A	\$ 105,190	\$ —
<b>Total TRIO Cluster</b>				105,190	—
<b>Career &amp; Technical Education</b>					
<b>Washburn University</b>					
Career and Technical Education -- Basic Grants to States	U.S. Department of Education/ Kansas Board of Regents	V048A190016 & V048A180016	84.048A	86,765	—
<b>Washburn Institute Of Technology</b>					
Career and Technical Education -- Basic Grants to States	U.S. Department of Education/ Kansas Board of Regents	V048A190016 & V048A180016	84.048A	231,230	—
<b>Total Of 84.048A - Career And Technical Education</b>				317,995	—
<b>Washburn University</b>					
Higher Education Institutional Aid					
Title III Strengthening Institutions	U.S. Department of Education	P031F180097	84.031F	334,077	—
PEAK: Mulvane Art Museum	U.S. Department of Education/ KU Center for Research	S351A210022	84.351	10,028	—
COVID-19 WU GEER 2 Food Pantry	U.S. Department of Education/ Kansas Board of Regents	S425C210046	84.425C	70,000	—
<b>Washburn Institute Of Technology</b>					
COVID-19 WU GEER 2 Food Pantry	U.S. Department of Education/ Kansas Board of Regents	S425C210046	84.425C	20,000	—
Adult Education - Basic Grants to States	U.S. Department of Education / Kansas Board of Regents	V002A190016	84.002A	181,115	—
<b>Total Other U.S. Department Of Education</b>				1,038,405	—
<b>Total U.S. Department Of Education</b>				34,165,621	—

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

# WASHBURN UNIVERSITY OF TOPEKA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

Page 3 of 3

For the Year Ended June 30, 2023

Cluster/Program	Federal Agency/ Pass-Through Entity	Pass-Through Entity Identifying Number/ Grant Number	AL Number	Amount	Passed Through To Subrecipients
<b>U.S. Department Of Health And Human Services</b>					
<b>Washburn Institute Of Technology</b>					
<b>CCDF Cluster</b>					
Child Care and Development Block Grant - Indirect	U.S. Department of Health and Human Services / Child Care Aware of Kansas	NA	93.575	\$ 33,875	\$ —
<b>Total CCDF Cluster</b>				<u>33,875</u>	<u>—</u>
<b>Washburn University</b>					
Advanced Nursing Education Grant Program	U.S. Department of Health and Human Services	T94HP30883	93.247	396,701	—
<b>Total U.S. Department Of Health And Human Services</b>				<u>430,576</u>	<u>—</u>
<b>Other Agencies</b>					
<b>Washburn University</b>					
Mulvane Art Museum ARP	National Endowment for the Humanities/ Humanities Kansas	ZPA-284049-22	45.149	94,359	—
<b>Highway Planning And Construction Cluster</b>					
NSTI KDOT STEM Camp	Federal Highway Administration/ Kansas Department of Transportation	106 KA-4549-22 & 106KA-4549-23	20.205	50,721	—
<b>Total Highway Planning And Construction Cluster</b>				<u>50,721</u>	<u>—</u>
Small Business Development Center	Small Business Administration / Fort Hays State University	SBAHQ-15-B-0001/0001	59.037	216,571	—
Biomedical Research and Research Training	National Institutes of Health / University of Kansas Medical Center	2P20GM103418-22 & 2P20GM103418-23	93.859	88,330	—
Volunteers in Service to America	Corporation for National and Community Service	17VSWKS004	94.013	39,365	—
<b>Total Expenditures Of Federal Awards</b>				<u>\$ 35,085,543</u>	<u>\$ —</u>

# WASHBURN UNIVERSITY OF TOPEKA

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. This schedule includes the federal awards activity of Washburn University of Topeka and of Washburn Institute of Technology and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.
2. The Federal Family Education Loan Program-Lenders and federal Perkins Loan Program listed in the schedule of expenditures of federal awards is administered directly by Washburn University of Topeka or Washburn Institute of Technology, and balances and transactions relating to these programs are included in the Washburn University of Topeka's basic financial statements (which include Washburn Institute of Technology as a blended component unit). Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding related to the Perkins Loan Program was \$139,406 as no new loans were issued during the year ended June 30, 2023.

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, it is not practical to determine the balance of loans outstanding to students and former students of the University under this program at June 30, 2023.

3. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.
4. Of the federal expenditures presented in this schedule, the University provide no federal awards to subrecipients.

**Independent Auditors' Report on  
Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of the Financial  
Statements Performed in Accordance  
with *Government Auditing Standards***

Board of Regents  
Washburn University of Topeka  
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Washburn University of Topeka (the University) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 12, 2023.

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

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*RubinBrown LLP*

December 12, 2023

**Independent Auditors' Report on  
Compliance for Each Major Federal  
Program and a Report on Internal  
Control over Compliance Required by  
the Uniform Guidance**

Board of Regents  
Washburn University of Topeka  
Topeka, Kansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Washburn University of Topeka's (the University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*RubinBrown LLP*

December 12, 2023

**WASHBURN UNIVERSITY OF TOPEKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2023**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance considered material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None Reported

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

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

Identification of major programs:

Cluster/Program	AL Number
Student Financial Aid Cluster	
Federal Direct Student Loans	84.268
Federal SEOG Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063

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

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

**WASHBURN UNIVERSITY OF TOPEKA**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***  
**For The Year Ended June 30, 2023**

**Section II - Financial Statement Findings**

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**None**

**Section III - Federal Award Findings And Questioned Costs**

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**None**



Vice President for Administration and Treasurer  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For The Year Ended June 30, 2023**

<b>Finding No.</b>	<b>AL No.</b>	<b>Program</b>	<b>Condition</b>	<b>Current Year Status</b>
			<b>None</b>	

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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, 2023 and 2022**

	<b>FY 2023 Budget</b>	<b>FY 2023 Actual</b>	<b>FY 2022 Actual</b>
<b>Revenues</b>			
Tuition and fees	\$ 48,925,090	\$ 45,754,322	\$ 48,084,464
Income from endowment fund	419,381	1,058,354	1,033,747
Sales tax and other taxes	22,241,356	22,241,356	19,829,693
State appropriations	14,000,000	14,000,000	14,160,614
Other income	3,341,095	4,567,711	2,949,382
Use of reserves	2,446,208	—	—
<b>Total Revenues</b>	<u>91,373,130</u>	<u>87,621,743</u>	<u>86,057,900</u>
<b>Expenditures</b>			
Instruction	42,328,996	34,244,845	32,360,481
Public service, academic support and research	14,458,136	15,478,489	15,651,890
Student services	11,828,091	12,129,989	12,198,625
Institutional support	7,460,260	9,431,449	6,832,448
Maintenance of plant	7,954,446	8,535,030	8,210,405
Scholarships and fellowships	4,597,005	6,797,627	7,156,793
Other expenses and transfers	8,746,196	385,592	338,627
<b>Total Expenditures</b>	<u>97,373,130</u>	<u>87,003,021</u>	<u>82,749,269</u>
<b>Change in Net Position</b>	<u>\$ (6,000,000)</u>	618,722	3,308,631
<b>Net Position - Beginning of Year</b>		<u>19,682,410</u>	<u>16,373,779</u>
<b>Net Position - End of Year</b>		<u>\$ 20,301,132</u>	<u>\$ 19,682,410</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 Years Ended June 30, 2023 and 2022

	<u>FY 2023 Budget</u>	<u>FY 2023 Actual</u>	<u>FY 2022 Actual</u>
<b>Revenues</b>			
Ad valorem property and other taxes	\$ 4,636,864	\$ 5,719,284	\$ 5,514,591
Transfer from other funds - debt service	3,801,700	2,685,674	8,418,528
<b>Total Revenues</b>	<u>8,438,564</u>	<u>8,404,958</u>	<u>13,933,119</u>
<b>Expenditures</b>			
Bond principal	1,755,000	1,755,000	2,155,000
Lease principal	678,562	258,322	251,776
Interest and commissions on bonds	1,754,482	1,646,920	1,730,373
Transfers for construction, repairs or equipping of new or existing buildings	4,100,000	4,798,863	15,077,671
ESCO principal payoff	—	—	5,084,244
Other expense	1,000,000	—	152,527
<b>Total Expenditures</b>	<u>9,288,044</u>	<u>8,459,105</u>	<u>24,451,591</u>
<b>Change in Net Position</b>	<u>\$ (849,480)</u>	(54,147)	(10,518,472)
<b>Net Position - Beginning of Year</b>		<u>1,297,022</u>	<u>11,815,494</u>
<b>Net Position - End of Year</b>		<u>\$ 1,242,875</u>	<u>\$ 1,297,022</u>

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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 Years Ended June 30, 2023 and 2022**

	<u>FY 2023 Budget</u>	<u>FY 2023 Actual</u>	<u>FY 2022 Actual</u>
<b>Revenues</b>			
Ad valorem property and other taxes	\$ 657,068	\$ 632,495	\$ 547,928
<b>Total Revenues</b>	<u>657,068</u>	<u>632,495</u>	<u>547,928</u>
<b>Expenditures</b>			
Insurance premium	240,000	250,364	275,184
Litigation expense	200,000	80,950	—
Other expense	505,000	64,590	216,606
<b>Total Expenditures</b>	<u>945,000</u>	<u>395,904</u>	<u>491,790</u>
<b>Change in Net Position</b>	<u>\$ (287,932)</u>	236,591	56,138
<b>Net Position - Beginning of Year</b>		<u>543,742</u>	<u>487,604</u>
<b>Net Position - End of Year</b>		<u>\$ 780,333</u>	<u>\$ 543,742</u>



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**WASHBURN UNIVERSITY OF TOPEKA**

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

**Sales Tax Smoothing Fund**

**For the Years Ended June 30, 2023 and 2022**

	<u>FY 2023 Budget</u>	<u>FY 2023 Actual</u>	<u>FY 2022 Actual</u>
<b>Revenues</b>			
Sales tax and other taxes	\$ 2,600,000	\$ 4,232,433	\$ 4,743,579
<b>Expenditures</b>			
Transfer to building construction fund	10,000,000	—	—
Transfer to capital improvement fund	500,000	—	—
Other expense	2,000,000	—	—
<b>Total Expenditures</b>	<u>12,500,000</u>	<u>—</u>	<u>—</u>
<b>Change in Net Position</b>	<u>\$ (9,900,000)</u>	4,232,433	4,743,579
<b>Net Position - Beginning of Year</b>		<u>24,024,334</u>	<u>19,280,755</u>
<b>Net Position - End of Year</b>		<u>\$ 28,256,767</u>	<u>\$ 24,024,334</u>

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**WASHBURN UNIVERSITY OF TOPEKA**

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

**Capital Improvement Fund**

**For the Years Ended June 30, 2023 and 2022**

	<u>FY 2023 Budget</u>	<u>FY 2023 Actual</u>	<u>FY 2022 Actual</u>
<b>Revenues</b>			
Sales tax revenue transfers	\$ 890,000	\$ 890,000	\$ 890,000
Transfer from smoothing fund	500,000	—	—
Additional sales tax	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 expense	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 Years Ended June 30, 2023 and 2022**

	<b>FY 2023 Budget</b>	<b>FY 2023 Actual</b>	<b>FY 2022 Actual</b>
<b>Revenues</b>			
Tuition and fees	\$ 3,895,875	\$ 3,610,349	\$ 3,673,983
Vocational state aid	9,184,167	7,496,502	8,959,626
Vocational capital outlay	422,413	446,311	171,351
Interest on investments	5,500	478,144	23,815
Other sales and services	189,455	264,597	219,951
Use of reserves	750,000	—	—
<b>Total Revenues</b>	14,447,410	12,295,903	13,048,726
<b>Expenditures</b>			
Instruction	7,670,291	6,267,935	5,879,871
Academic support	1,336,028	1,096,426	1,011,365
Student services	1,229,354	1,139,024	1,019,626
Institutional support	737,321	851,933	816,109
Maintenance of plant	1,759,061	1,694,269	1,740,275
Other expenses and transfers	2,715,355	537,839	281,822
<b>Total Expenditures</b>	15,447,410	11,587,426	10,749,068
<b>Change in Net Position</b>	\$ (1,000,000)	708,477	2,299,658
<b>Net Position - Beginning of Year</b>		8,272,529	5,972,871
<b>Net Position - End of Year</b>		\$ 8,981,006	\$ 8,272,529

**WASHBURN UNIVERSITY OF TOPEKA**

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

**Auxiliary Enterprises**

**For the Years Ended June 30, 2023 and 2022**

	<b>FY 2023 Budget</b>	<b>FY 2023 Actual</b>	<b>FY 2022 Actual</b>
<b>Revenues</b>			
Room rental income	\$ 4,163,870	\$ 4,118,781	\$ 3,565,990
Ichabod shop	3,575,800	2,182,246	2,222,727
Dining	—	483,855	442,279
Other income	—	760,000	760,000
<b>Total Revenues</b>	<b>7,739,670</b>	<b>7,544,882</b>	<b>6,990,996</b>
<b>Expenditures</b>			
Debt service	1,523,745	1,523,745	1,963,689
Salaries, wages and benefits	1,600,695	1,445,025	1,447,436
Cost of goods sold	1,576,810	1,624,404	1,711,566
Utilities, telephone and cable	1,012,737	705,860	698,834
Repairs and maintenance	300,169	345,294	269,516
Scholarships	242,069	310,969	173,747
Supplies and materials	178,940	81,440	85,507
Insurance	70,270	130,000	113,316
Other expense	2,634,235	808,230	201,642
<b>Total Expenditures</b>	<b>9,139,670</b>	<b>6,974,967</b>	<b>6,665,253</b>
<b>Change in Net Position</b>	<b>\$ (1,400,000)</b>	<b>569,915</b>	<b>325,743</b>
<b>Net Position - Beginning of Year</b>		<b>2,821,324</b>	<b>2,495,581</b>
<b>Net Position - End of Year</b>		<b>\$ 3,391,239</b>	<b>\$ 2,821,324</b>