

KANSAS CITY KANSAS COMMUNITY COLLEGE

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

June 30, 2020

KANSAS CITY KANSAS COMMUNITY COLLEGE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Financial Section:	
Statements of Net Position	9-10
Statements of Financial Position – Kansas City Kansas Community College Foundation	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Activities – Kansas City Kansas Community College Foundation	13-14
Combined Statements of Cash Flows	15-16
Notes to Financial Statements	17-35
Supplemental Schedule of Comparison of Budgetary Expenditures with Appropriations	36



4600 Madison, Suite 120
Kansas City, MO 64112
P 816.931.6111 F 816.931.8499

5931 Nieman Road, Suite 100
Shawnee, KS 66203
P 913.631.5626 F 913.631.5965

www.novakbirkspc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Kansas City Kansas Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Kansas City Kansas Community College (the College), as of and for the years ended June 30, 2020 and 2019, and the related notes of the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those audits require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Kansas City Kansas Community College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the Kansas City Kansas Community College as of June 30, 2020 and 2019, and changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 36-37, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental schedule of comparison of budgetary expenditures with appropriations and supplemental schedule of changes in long term obligations, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports, for the years ended June 30, 2020 and 2019 dated January 12, 2021 on our consideration of the Kansas City Kansas Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Kansas City Kansas Community College's internal control over financial reporting and compliance.

Noah Burk p.c.

Shawnee, KS
January 12, 2021

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Kansas City Kansas Community College (the College) for the fiscal years ended June 30, 2020 and June 30, 2019. The College's management prepared this discussion. It should be read in conjunction with the College's combined financial statements and notes that follow. Management is responsible for the objectivity and integrity of the accompanying financial statements and notes, and this discussion and analysis as reported.

The College prepared the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires the financial statements be presented on a consolidated basis to focus on the College as a whole.

There are three comparative financial statements presented: The Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. In addition, the report also includes supplemental schedules as noted in the table of contents. The emphasis of the discussion about the financial statements, and supplementary information is designed to focus on current activities, resulting changes and currently known facts.

The financial reporting entity as defined by Generally Accepted Accounting Principles consists of the College, as well as its discretely presented component unit; the Kansas City Kansas Community College Foundation (the Foundation).

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of the College at June 30, 2020 and 2019. The purpose of the Statements of net position is to present a snapshot of the financial condition of the College. Total net position, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College.

The assets and liabilities are categorized between current and noncurrent. Current assets and current liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent assets and liabilities which mature or become payable after 12 months. For example, at June 30, 2020 and 2019, the College's current assets consist primarily of cash, short-term investments, property tax receivables and other revenue related receivables, while noncurrent assets consist primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College.

Net position is presented in three major categories. The first is invested in Capital Assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is Restricted, and the third is Unrestricted.

Restricted net position are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net position is further categorized between expendable and nonexpendable. Restricted expendable net position, are net assets available to be spent by the College after externally

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Statements of Net Position (Continued)

imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net assets are endowments for which only the interest portion can be spent. The College had no restricted nonexpendable net assets at June 30, 2020 and 2019.

Unrestricted net position, include net assets which are available to the College for any lawful purpose. The following schedule is prepared from the College's Statements of Net Position (pages 9-10), which are presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Condensed Statement of Net Position
As of June 30
(Dollars in Millions)

	2020	2019	Increase (Decrease)	Percent Change
Assets:				
Current Assets	\$ 38.5	\$ 33.2	\$ 5.3	16.0%
Noncurrent Assets	\$ 55.5	\$ 56.2	\$ (0.7)	-1.2%
Total Assets	<u>\$ 94.0</u>	<u>\$ 89.4</u>	<u>\$ 4.6</u>	<u>5.1%</u>
Liabilities:				
Current Liabilities	\$ 12.3	\$ 13.9	\$ (1.6)	-11.5%
Noncurrent Liabilities	\$ 19.1	\$ 21.7	\$ (2.6)	-12.0%
Total Liabilities	<u>\$ 31.4</u>	<u>\$ 35.6</u>	<u>\$ (4.2)</u>	<u>-11.8%</u>
Net Position:				
Invested in capital assets, net of related debt	\$ 31.9	\$ 29.2	\$ 2.7	9.2%
Restricted - expendable				
Capital Projects	\$ 5.9	\$ 5.3	\$ 0.6	11.3%
Debt Service	\$ -	\$ 0.1	\$ (0.1)	-100.0%
Unrestricted	\$ 24.8	\$ 19.1	\$ 5.7	29.8%
Total Net Position	<u>\$ 62.6</u>	<u>\$ 53.7</u>	<u>\$ 8.9</u>	<u>16.6%</u>

Total net position at June 30, 2020 increased to \$62.6 million from \$53.7 million at June 30, 2019. Net Position, Invested in capital assets, net of related debt, increased by \$2.7 million. Unrestricted net assets increased by \$5.7 million. Total net position, increased by \$8.9 million during the period.

Current assets increased due to continued budgetary controls and cost cutting measures. Non-current assets (capital items) decreased slightly as capital assets purchased in 2020 were less than accumulated depreciation on assets previously placed into service.

The College refinanced some of its outstanding debt during FY2020 resulting in cash savings of \$1,213,343. The refinanced debt did not extend the original maturities of the College's outstanding debt. As a result of this refinance, the College realized an additional reduction in outstanding principal of \$805,000. Accordingly, for fiscal years 2015, 2016, 2017, 2018, and 2019, the College has

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Statements of Net Position (Continued)

made \$16,040,000 in principal payments which reduced the total long-term debt obligations outstanding from \$37,160,000 at June 30, 2014, to \$21,120,000 as of June 30, 2020. This has significantly strengthened the College's financial position, contributing to an increase in the College's net position, from \$38.5 million at June 30, 2019 to \$62.6 million as of June 30, 2020.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the College's financial results for the fiscal years ended June 30, 2020 and 2019. The statements include the College's revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. County property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following summary is prepared from the College's Statements of Revenues, Expenses, and Changes in Net Position (page 12).

Summary of Revenues, Expenses, and Changes in Net Position
For the Years ended June 30
(Dollars in Millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues	\$ 24.2	\$ 25.8	\$ (1.6)	-6.2%
Operating Expenses	\$ 70.5	\$ 74.1	\$ (3.6)	-4.9%
Operating gain(loss)	<u>\$ (46.3)</u>	<u>\$ (48.3)</u>	<u>\$ (5.2)</u>	<u>10.8%</u>
Non-Operating Revenues, net	<u>\$ 55.3</u>	<u>\$ 52.2</u>	<u>\$ 3.1</u>	<u>5.9%</u>
Increase in net position	<u>\$ 8.9</u>	<u>\$ 3.9</u>	<u>\$ 5.0</u>	<u>128.2%</u>
Net Position, beginning of year	<u>\$ 53.7</u>	<u>\$ 49.8</u>	<u>\$ 3.9</u>	<u>7.8%</u>
Net position, end of year	<u>\$ 62.6</u>	<u>\$ 53.7</u>	<u>\$ 8.9</u>	<u>16.6%</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

One of the financial strengths of the College is the diverse stream of revenues that supplement its student tuition and fees. The following summary is prepared from the College's Statements of Revenues, Expenses, and Changes in Net Position (page 12).

Summary of Revenues
For the Years ended June 30
(Dollars in Millions)

	2020	2019	Increase (Decrease)	Percent Change
Operating Revenues				
Student tuition and fees	\$ 11.6	\$ 12.1	\$ (0.5)	-4.1%
Grants and Contracts	\$ 9.9	\$ 10.6	\$ (0.7)	-6.6%
Auxiliary enterprise revenues	\$ 2.4	\$ 2.1	\$ 0.3	14.3%
Other Operating revenues	\$ 0.3	\$ 1.0	\$ (0.7)	-70.0%
Total Operating Revenues	<u>\$ 24.2</u>	<u>\$ 25.8</u>	<u>\$ (1.6)</u>	<u>-6.2%</u>
Non-Operating Revenues (Expenses)				
County property taxes	\$ 42.0	\$ 39.8	\$ 2.2	5.5%
State Aid	\$ 13.8	\$ 13.0	\$ 0.8	6.2%
Investment income	\$ 0.3	\$ 0.4	\$ (0.1)	-25.0%
Interest on Capital Asset Debt	\$ (0.9)	\$ (1.0)	\$ 0.1	-10.0%
Total Non-operating Revenues (Expenses)	<u>\$ 55.2</u>	<u>\$ 52.2</u>	<u>\$ 3.0</u>	<u>5.7%</u>

The total operating expenses for the College for the years ended June 30, 2020 and 2019 were as follows

Summary of Operating Expenses
For the Years ended June 30
(Dollars in Millions)

	2020	2019	Increase (Decrease)	Percent Change
Operating Expenses:				
Salaries and Benefits	\$ 42.4	\$ 42.8	\$ (0.4)	-0.9%
Supplies and services	\$ 12.5	\$ 14.8	\$ (2.3)	-15.5%
Depreciation and Amortization	\$ 3.9	\$ 3.8	\$ 0.1	2.6%
Scholarship and Financial Aid	\$ 9.7	\$ 10.1	\$ (0.4)	-4.0%
Other Operating Expense	\$ 2.0	\$ 2.6	\$ (0.6)	-23.1%
Total Operating Expenses	<u>\$ 70.5</u>	<u>\$ 74.1</u>	<u>\$ (3.6)</u>	<u>-4.9%</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The total operating expenses of the College by function for the years ended June 30, 2020 and 2019 were as follows:

Summary of Operating Expenses by
Functional Expenditure Classification
For the Years ended June 30
(Dollars in Millions)

	2020	2019	Increase (Decrease)	Percent Change
Operating Expenses:				
Instruction	\$ 31.7	\$ 33.2	\$ (1.5)	-4.5%
Research	\$ 0.3	\$ 0.2	\$ 0.1	50.0%
Academic Support	\$ 1.6	\$ 1.6	\$ -	0.0%
Student Services	\$ 7.2	\$ 7.3	\$ (0.1)	-1.4%
Institutional Support	\$ 7.2	\$ 8.4	\$ (1.2)	-14.3%
Student Financial Aid	\$ 9.7	\$ 10.1	\$ (0.4)	-4.0%
Plant and Maintenances	\$ 6.0	\$ 6.3	\$ (0.3)	-4.8%
Auxiliary	\$ 2.9	\$ 3.2	\$ (0.3)	-9.4%
Depreciation	\$ 3.9	\$ 3.8	\$ 0.1	2.6%
Total Operating Expense	<u>\$ 70.5</u>	<u>\$ 74.1</u>	<u>\$ (3.6)</u>	<u>-4.9%</u>

Combined Statements of Cash Flows

The Combined Statements of Cash Flows present information about the cash activity of the College. The statements show the major sources and uses of cash. The following summary is prepared from the College's Combined Statements of Cash Flows (page 15).

Summary of Cash Flows
For the Years ended June 30
(Dollars in Millions)

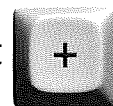
	2020	2019	Increase (Decrease)	Percent Change
Cash provided by (used in):				
Operating activities	\$ (44.3)	\$ (43.5)	\$ (0.8)	1.8%
Noncapital Financing Activities	\$ 54.2	\$ 53.5	\$ 0.7	1.3%
Capital and related financing activities	\$ (6.7)	\$ (6.4)	\$ (0.3)	4.7%
Investment Activities	\$ 0.7	\$ (0.1)	\$ 0.8	-800.0%
Net Change in Cash	<u>\$ 3.9</u>	<u>\$ 3.5</u>	<u>\$ 0.4</u>	<u>11.4%</u>
Cash, Beginning of Year	<u>\$ 22.1</u>	<u>\$ 18.6</u>	<u>\$ 3.5</u>	<u>18.8%</u>
Cash, End of Year	<u>\$ 26.0</u>	<u>\$ 22.1</u>	<u>\$ 3.9</u>	<u>17.6%</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Economic Outlook

The economic outlook for institutions of higher education remains challenging nationally based on trends which include changing student demographics, the digitization of classrooms, and increased costs associated with providing accredited higher education to students. Student enrollment growth remains challenging for institutions of higher learning during times of economic growth and the demands placed on the shrinking labor market. Additionally, the College faces funding challenges in state aid provided by the State of Kansas. State aid currently represents approximately 17% of revenues to the College. Locally, economic conditions impacted by COVID-19 pose challenges in retail sales, effecting State funding. The valuation of real property continues to trend upward, resulting in increased property tax revenues. Revenue provided by students has decreased approximately 4.1% for the current fiscal year. Total operating revenue to the College was down \$1.6 million in the current period and is forecasted to remain stable for the 2020-2021 fiscal year. The College anticipates continued growth in technical education programs due to labor market demands.

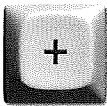
The College measures student enrollment by enrolled credit hours which decreased slightly by 1.9% during the 2019-2020 school year. The College has implemented various cost controls to limit spending which include 1) improved budgeting processes, 2) reduced expenses associated with certain post-retirement benefits, 3) improved technology to track and measure underlying student and faculty activities, and 4) realignment of college locations and buildings. For the year ended June 30, 2020, the College produced an increase in net position of \$8.9 million dollars as a partial result of these strategies.



KANSAS CITY KANSAS COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets -		
Cash and temporary investments	\$ 23,305,027	\$ 19,923,375
Restricted cash and temporary investments	2,686,838	2,177,678
Investments - CD's	503,499	1,000,000
Student, tuition and grants receivable, net of allowance for uncollectible amount of 5,050,701 and \$4,588,879 respectively	5,781,924	5,573,830
Other receivable	50,000	-
Taxes receivables	5,545,274	3,965,310
Inventory	<u>620,164</u>	<u>519,202</u>
Total Current Assets	<u>38,492,726</u>	<u>33,159,395</u>
Noncurrent Assets -		
Restricted investments - CD's	3,174,284	3,069,003
Refinancing expenses, net of accumulated amortization of \$720,000 for 2020 and \$690,687 for 2019.	196,047	29,313
Prepaid Interest	117,577	-
Capital assets not being depreciated	1,663,059	1,499,134
Capital assets, being depreciated	115,290,712	112,574,385
Less accumulated depreciation	<u>(64,892,931)</u>	<u>(60,971,231)</u>
Total noncurrent assets	<u>55,548,748</u>	<u>56,200,604</u>
Total assets	<u>\$ 94,041,474</u>	<u>\$ 89,359,999</u>

The accompanying notes are an integral part of these statements.

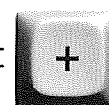
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KANSAS CITY KANSAS COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities:		
Current Liabilities		
Accounts payable -	\$ 757,796	\$ 1,041,806
Accrued compensated absences	3,440,376	3,126,705
Accrued interest	248,418	180,000
Accrued payroll	772,349	1,120,044
Funds held for others	1,602,371	1,802,446
Unearned revenue	2,656,709	3,198,816
Current portion of early retirement payable	257,903	475,662
Current portion of certificates of participation/ bonds payable	510,000	360,000
Current portion of certification - capital lease obligations	<u>2,015,000</u>	<u>2,625,000</u>
Total Current Liabilities	<u>12,260,922</u>	<u>13,930,479</u>
Noncurrent Liabilities -		
Early retirement payable	538,357	796,260
COP Issuance Premium	1,002,813	-
Certificates of Participation/Bonds payable	5,320,000	-
Certification of participation-capital lease obligation	<u>12,275,000</u>	<u>20,925,000</u>
Total Noncurrent Liabilities	<u>19,136,170</u>	<u>21,721,260</u>
Total Liabilities	<u>31,397,092</u>	<u>35,651,739</u>
Net Position		
Invested In Capital Assets, net of related debt:	31,940,840	29,192,288
Restricted, expendable for -		
Capital projects	5,875,043	5,354,196
Debt service	-	29,312
Unrestricted	<u>24,828,499</u>	<u>19,132,464</u>
Total Net Position	<u>62,644,382</u>	<u>53,708,260</u>
Total Liabilities and Net Position	<u>\$ 94,041,474</u>	<u>\$ 89,359,999</u>

The accompanying notes are an integral part of these statements.

B E P O S I T I V E .



KANSAS CITY KANSAS COMMUNITY
COLLEGE FOUNDATION
(A COMPONENT UNIT OF KANSAS CITY KANSAS COMMUNITY COLLEGE)
STATEMENTS OF FINANCIAL POSITION
JUNE 30 2020 AND 2019

ASSETS

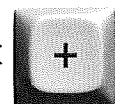
	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,204,059	\$ 1,209,650
Investments	681,820	498,438
Accounts Receivable	<u>31,050</u>	<u>2,500</u>
Total Assets	<u>\$ 1,916,929</u>	<u>\$ 1,710,588</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 100	\$ 283
Deposits held for others	<u>-</u>	<u>138</u>
Total Liabilities	<u>100</u>	<u>421</u>
Net Assets:		
Net assets with donor restrictions	586,682	532,853
Net assets without donor restrictions	<u>1,330,147</u>	<u>1,177,314</u>
Total Net Assets	<u>1,916,829</u>	<u>1,710,167</u>
Total Liabilities and Net Assets	<u>\$ 1,916,929</u>	<u>\$ 1,710,588</u>

The accompanying notes are an integral part of these statements.

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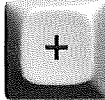


I V E .

KANSAS CITY KANSAS COMMUNITY COLLEGE
STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Student tuition and fees	\$ 11,598,881	\$ 12,126,363
Federal grants and contracts	9,191,434	9,887,204
State grants and contracts	460,659	438,874
Gifts, grants, and contracts	263,000	212,911
Auxilliary enterprise revenue	2,493,929	2,805,251
Other operating revenue	261,417	361,099
Total operating revenues	<u>24,269,320</u>	<u>25,831,702</u>
Operating expenses:		
Salaries	35,000,770	35,830,943
Benefits	7,404,558	6,969,727
Contractual services	1,825,056	1,935,927
Supplies and other operating expenses	10,786,092	12,883,953
Utilities	1,703,700	1,903,027
Repairs and maintenance to plant	274,073	726,732
Scholarships and financial aid	9,671,303	10,108,052
Depreciation and amortization	3,921,700	3,764,062
Total operating expenses	<u>70,587,252</u>	<u>74,122,423</u>
Operating loss	<u>(46,317,932)</u>	<u>(48,290,721)</u>
Nonoperating revenues (expenses):		
County property taxes	41,975,854	39,842,292
State aid	13,799,069	12,953,760
Investment income	337,793	353,674
Interest expense on capital asset debt	(858,662)	(978,282)
Total nonoperating revenues	<u>55,254,054</u>	<u>52,171,444</u>
Increase in net position	8,936,122	3,880,723
Net position, beginning of year	<u>53,708,260</u>	<u>49,827,537</u>
Net position, end of year	<u>\$ 62,644,382</u>	<u>\$ 53,708,260</u>

The accompanying notes are an integral part of these statements.

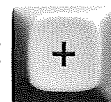
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KANSAS CITY KANSAS COMMUNITY
COLLEGE FOUNDATION
(A COMPONENT UNIT OF KANSAS CITY KANSAS COMMUNITY COLLEGE)
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 286,077	\$ 453,412	\$ 739,489
In-kind contributions	399,896	-	399,896
Unrealized losses on investments	(21,810)	-	(21,810)
Realized loss on investments	(2,966)	-	(2,966)
Interest and dividend income	23,451	-	23,451
Other income	21,200	-	21,200
Net assets released from restrictions	300,579	(300,579)	-
Total Revenues and Other Support	<u>1,006,427</u>	<u>152,833</u>	<u>1,159,260</u>
Expenses:			
Program services	572,465	-	572,465
Management and general	176,436	-	176,436
Fundraising	203,697	-	203,697
Total Expenses	<u>952,598</u>	<u>-</u>	<u>952,598</u>
Change in Net Assets	53,829	152,833	206,662
Net Assets, beginning of year	<u>532,853</u>	<u>1,177,314</u>	<u>1,710,167</u>
Net Assets, end of year	<u>\$ 586,682</u>	<u>\$ 1,330,147</u>	<u>\$ 1,916,829</u>

The accompanying notes are an integral part of these statements.

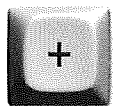
B E P O S I T I V E .



KANSAS CITY KANSAS COMMUNITY
COLLEGE FOUNDATION
(A COMPONENT UNIT OF KANSAS CITY KANSAS COMMUNITY COLLEGE)
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 301,814	419,809	\$ 721,623
In-kind contributions (Note G)	529,585	-	529,585
Unrealized gain on investments	18,642	-	18,642
Realized loss on investments	(1,417)	-	(1,417)
Interest and dividend income	21,381	-	21,381
Net assets released from restrictions	<u>106,336</u>	<u>(106,336)</u>	<u>-</u>
Total Revenues and Other Support	<u>976,341</u>	<u>313,473</u>	<u>1,289,814</u>
Expenses:			
Scholarships	124,701	-	124,701
In-kind expenses (Note G)	529,585	-	529,585
Fundraising	21,205	-	21,205
General and administrative	<u>38,835</u>	<u>-</u>	<u>38,835</u>
Total Expenses	<u>714,326</u>	<u>-</u>	<u>714,326</u>
Change in Net Assets	262,015	313,473	575,488
Net Assets, beginning of year	<u>270,838</u>	<u>863,841</u>	<u>1,134,679</u>
Net Assets, end of year	<u>\$ 532,853</u>	<u>\$ 1,177,314</u>	<u>\$ 1,710,167</u>

The accompanying notes are an integral part of these statements.

B E P O S I  I V E .

KANSAS CITY KANSAS COMMUNITY COLLEGE
COMBINED STATEMENTS OF CASH FLOWS
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Student tuition & fees	\$ 10,848,680	\$ 12,585,798
Federal Grants and contracts	9,191,434	9,887,204
State Grants and contracts	460,659	438,874
Private Gifts, Grants and contracts	263,000	212,911
Cash received from customers	2,493,929	2,805,251
Other Receipts	213,186	361,099
Payments to employees	(35,348,465)	(35,444,868)
Payments to suppliers	(14,973,893)	(16,967,875)
Scholarships and financial aid	(9,671,303)	(10,108,052)
Employee benefits	(7,566,549)	(7,707,142)
Funds held for others	(200,075)	397,649
Net cash used in operating activities	<u>(44,289,397)</u>	<u>(43,539,151)</u>
Cash flows from noncapital financing activities:		
County property taxes	40,395,890	40,527,159
State aid	13,799,069	12,953,760
Net cash provided by noncapital financing activities	<u>54,194,959</u>	<u>53,480,919</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets & Construction in Progress	(2,880,255)	(2,536,316)
Principal and interest paid on bonds payable	(360,000)	(345,000)
Principal on capital leases	(2,625,000)	(2,530,000)
Interest Payments	(878,508)	(962,828)
Net cash used in capital and related financing activities	<u>(6,743,763)</u>	<u>(6,374,144)</u>
Cash flows from investing activities:		
Interest on investments	337,793	353,674
Investments (purchased) redeemed	391,220	(451,394)
Net cash provided in investing activities	<u>729,013</u>	<u>(97,720)</u>
Net increase(decrease) in cash	3,890,812	3,469,904
Cash and cash equivalents, beginning of year	<u>22,101,053</u>	<u>18,631,149</u>
Cash and cash equivalents, end of year	<u>\$ 25,991,865</u>	<u>\$ 22,101,053</u>

The accompanying notes are an integral part of these statements.

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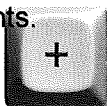
KANSAS CITY KANSAS COMMUNITY COLLEGE
COMBINED STATEMENTS OF CASH FLOWS
June 30, 2020 and 2019

Reconciliation of cash flows from operating activities -	2020	2019
Direct method - continued:		
Excess revenues over expenses from operating activities	\$ (46,317,932)	\$ (48,290,721)
Tuition receivable	(208,094)	643,562
Taxes receivable	(1,579,964)	684,867
Other receivable	(48,231)	-
Inventory	(100,962)	114,520
Accounts payable	(284,010)	367,245
Accrued compensated absences	313,671	(258,386)
Accrued payroll	(347,695)	386,075
Funds held for others	(200,075)	397,649
Unearned revenue	(542,107)	(184,127)
Early retirement payable	(475,662)	(479,030)
Depreciation and amortization	3,921,700	3,764,062
Taxes receivable	1,579,964	(684,867)
Net Cash From Operating Activities	<u>\$ (44,289,397)</u>	<u>\$ (43,539,151)</u>

SUPPLEMENTAL DISCLOSURES

No items were recorded as donated to the College during the
fiscal year ended June 30, 2020 and 2019

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

B E P O S I  I V E .

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kansas City Kansas Community College (the "College"), a municipal corporation, was organized in 1923 and is governed pursuant to provisions of the Kansas State Statutes by a seven-member board of trustees. The College's service area is located in Wyandotte and Leavenworth Counties, including the Kansas City, Kansas metropolitan area.

The College is a public two-year community college and was established to provide associate degree programs in various professional and technical fields. In July, 2009 the College assumed operational control of the Kansas City Area Technical School (ATS) from USD 500, Kansas City, Kansas. The merger of the technical programs at the ATS was a result of legislation passed by the Kansas legislature. The College renamed ATS the KCKCC Technical Education Center (TEC) and now controls all curriculum, administration, and fiscal processes. The College is fully accredited by the Higher Learning Commission.

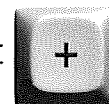
Reporting Entity - As defined by Generally Accepted Accounting Principles (GAAP) in the United States of America established by the Government Accounting Standards Board (GASB), the financial reporting entity consists of the College, as well as its discretely presented component unit, the Kansas City Kansas Community College Foundation (the Foundation).

Discretely Presented Component Unit - The Foundation is considered to be a related organization to the College. The Foundation is a legally separate, tax-exempt organization formed in 1977 that acts primarily as a fund-raising organization to supplement the resources that are available to the College and its students. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are directed to the activities of the College and its students by the donors. Management has determined that based on a review of guidelines promulgated by the GASB, the Foundation be included in the College's financial report and statements as a discretely presented component unit. In addition, the College has elected to present separate financial statements to provide the reader with detailed information regarding the Foundation.

The financial statements of the Foundation are prepared in accordance with GAAP for the year ended June 30, 2020, and 2019. The Foundation is a not-for-profit organization that reports its financial results under Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board (FASB). Most significant to the Foundation's operations and reporting model are FASB Codification ASC 958, *Not-for-Profit Entities*, and FASB Codification ASC 958-605, *Revenue Recognition – Contributions Received*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however significant note disclosures (see Note M) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation may be obtained by contacting the Foundation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The accounting policies of the College conform to GAAP in the United States as applicable to colleges and universities. The College reports are based on all applicable GASB pronouncements as well as applicable (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 1998, GASB released Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, which revised reporting of property tax revenue. In November 1999, the GASB approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, followed by Statement No. 35, Basic Financial Statements – and the Management's Discussion and Analysis – for Public Colleges and Universities. The College, as required, has implemented these changes in past years. The change in financial statement presentation provides a comprehensive single-column look at the total college and requires capitalization of assets and recording of depreciation. The significant changes made in order to comply with the new requirements were elimination of internal revenue and expense charges, recording scholarship credit to student accounts as tuition and fee allowances, removal of capital related items from revenues and expenses, recording of depreciation, reporting summer school revenue and expense between fiscal years rather than in one fiscal year, and the recording of property tax revenues on an accrual basis rather than on a modified accrual basis.

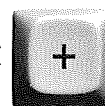
The College's combined financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials, equipment or services not received during the year. Encumbrances at June 30, 2020 and 2019 were \$151,912 and \$451,559 respectively, which represents the estimated amount of expenses ultimately to result if unperformed contracts in process at fiscal year-end are completed. Encumbrances outstanding at June 30, 2020 do not constitute expenses or liabilities and are not reflected in these combined financial statements. These balances as recorded are reflective of a substantial completion of construction projects.

Use of Estimates - The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include depreciation of fixed assets, allowances for collectability of accounts, compensated absences, and certain post-employment obligations. Actual results could differ from those estimates.

Property Taxes - The County Treasurer serves as the tax collection agent for the College. Taxes are levied based on assessed valuations as determined by the County Appraiser on a calendar year basis. Under Kansas Statute, taxes are levied and become a lien on the property on November 1st in the year of assessment and are recorded as revenue to the College in the current fiscal year of assessment.

Property taxes are collected by the county treasurer, who remits to the College its' respective share of the collections. Taxes levied in one year become due and payable in two installments, generally on December 20 and May 20, followed by major distributions to the College on approximately January 20 and June 5th. Smaller distributions are made to taxing units in March, May, September, and October each year. Taxes levied on November 1st that are not collected until the following September and October each year are recognized as revenue and recorded as property taxes receivable at June 30th. Accordingly, property taxes receivable at June 30, 2020 and 2019 was \$5,545,274 and \$3,965,310, respectively.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The tax rates for the fiscal year ended June 30, 2020 and 2019, per \$100 of assessed valuation, are reflected in the following table:

<u>Fund</u>	<u>2021 Tax Levy Rate</u>	<u>2020 Tax Levy Rate</u>
General	25.275	25.203
Capital outlay	<u>2.285</u>	<u>2.273</u>
Total Mill Levy	<u>27.560</u>	<u>27.476</u>

Cash and Cash Equivalents - The College considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2020 and 2019.

Capital Assets - Capital assets are defined by the College as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of two years. These assets generally include land, works of art, buildings, improvements, equipment and vehicles. Purchases or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed.

Capital assets subject to depreciation by the College are depreciated using the straight-line method over the following useful lives (See Note F for further detail):

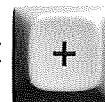
<u>Assets</u>	<u>Years</u>
Building	40
Building improvements	15
Land improvements	10
Furniture	5
Computer technology	4

Capital assets not subject to depreciation include certain land, construction in progress, and works of art.

Inventories - The College bookstore maintains an inventory of textbooks and supplies, which are sold to students, the general public, and other college bookstores. The inventory on hand at June 30, 2020 and 2019 was \$620,164 and \$519,202, respectively. This valuation is based on the lower of cost (determined on first-in, first-out basis) or market.

Unearned Tuition and Fee Revenue - Tuition and fee revenue received and related to courses starting after July 1st of each year have been deferred as unearned revenue. The amount of unearned revenue at June 30, 2020 and 2019 was \$2,656,709 and \$3,198,816, respectively.

Net Position - Net position is presented in three major categories. The first is invested in Capital Assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is Restricted while the third is Unrestricted.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted net assets are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net assets are further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net assets are endowments for which only the interest portion can be spent. The College has no restricted nonexpendable net assets at June 30, 2020 and 2019.

Unrestricted net assets are available to the College for any lawful purpose. The College first applies restricted sources when an expense or outlay is incurred for purposes for which both restricted and unrestricted sources are available.

Compensated Absences - The College records a liability for employees' vacation and sick leave earned, but not taken. Employees are allowed to carry over a limited number of vacation and unlimited sick days from year to year. The College pays employees upon separation for up to 200 hours of unused vacation and unlimited sick hours over 720 hours for staff and limited to 1,456 hours for 182 day professional employees, and 1,484 for 212 day professional employees. At June 30, 2020 and 2019, the College had accrued compensated absences liability of \$3,440,376 and \$3,126,705, respectively.

Advertising - Advertising costs, which consist primarily of schedule and course offering advertising, are included in supplies and other operating expenses and are expensed in the period the costs are incurred. Advertising expenses for the years ended June 30, 2020 and 2019 were \$531,730 and \$468,913, respectively. Advertising, generally, does not benefit future years.

Reclassifications – Certain amounts from the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on the change in net position.

NOTE B – CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents include deposits held at banks plus small amounts of cash maintained for change funds. State statute, K.S.A. 12-1675, authorizes the College to invest in temporary notes, time deposits, open accounts, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool (the Pool), or United States Treasury bills or notes. At June 30, 2020 and 2019, the carrying amount of the Colleges unrestricted and restricted deposits was \$25,991,865 and \$22,101,053, respectively. The bank balance at June 30, 2020 and 2019 was \$27,424,673 and \$23,311,459 respectively. The difference between carrying amounts and bank balances primarily represent checks which have not cleared the bank.

The College had unrestricted investments of \$503,499 and \$1,000,000, and restricted investments of \$3,174,284 and \$3,069,003 in certificates of deposits for the years ended June 30, 2020 and 2019, respectively. The College's current cash deposits and investments are not subject to credit risk, concentrations of credit risk, interest rate risk, or foreign currency risk.

Custodial Credit Risk - The College is subject to custodial credit risk, which is the risk that in the event of a bank failure, an entity's deposits may not be returned. The College's deposit policy for credit risk requires depository banks to pledge qualified securities with a market value exceeding deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The College's cash and temporary investments at June 30, 2020 and 2019 were secured by federal depository insurance and/or collateral held by the College's custodial financial institutions in the College's name.

B E P O S I + I V E .

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE C – TUITION RECEIVABLE

Tuition Receivable includes amounts that the college has billed for tuition and for which the College recognizes as having been earned, but not collected. The College had Tuition Receivable at June 30, 2020 and 2019, in the amounts of \$5,781,924 and \$5,573,830, respectively.

NOTE D – TAXES RECEIVABLE

Taxes Receivable includes real property, vehicle, and personal property taxes that have been levied which are uncollected at year end. The College had total Taxes Receivable at June 30, 2020 and 2019, in the amounts of \$5,545,274 and \$3,965,310, respectively.

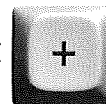
NOTE E – CAPITALIZED REFINANCING EXPENSE

The College has capitalized refinancing expenses relevant to the refinancing activities of debt issues. Capitalized refinancing expense is amortized over the remaining lives for the refinanced debt issues. The College included in interest expense, amortization of capitalized refinancing expense for the year ended June 30, 2020 and 2019, in the amount of \$29,312. The unamortized Refinancing Expense at June 30, 2020 and 2019, was \$196,047 and \$29,313, respectively.

NOTE F – CAPITAL ASSETS

Capital assets consist of the following categories at June 30, 2020 and 2019:

	July 1, 2019 Beginning Balance	Additions	Retirements	June 30, 2020 Ending Balance
Capital Assets not being depreciated:				
Land	\$ 1,105,094	\$ -	\$ -	\$ 1,105,094
Construction in progress	322,135	486,059	(322,134)	486,060
Works of art	71,905	-	-	71,905
Total Capital assets not being depreciated	1,499,134	486,059	(322,134)	1,663,059
Capital Assets being depreciated:				
Buildings	58,009,001	-	-	58,009,001
Improvements	31,087,497	1,325,825	-	32,413,322
Equipment and vehicles	23,477,887	1,390,502	-	24,868,389
Total Capital Assets being depreciated	112,574,385	2,716,327	-	115,290,712
Less Accumulated Depreciation	(60,971,231)	(3,921,700)	-	(64,892,931)
Capital Assets, net	\$53,102,288	(\$719,314)	\$ (322,134)	\$ 52,060,840



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE F – CAPITAL ASSETS (Continued)

	July 1, 2018 Beginning Balance	Additions	Retirements	June 30, 2019 Ending Balance
Capital Assets not being depreciated:				
Land	\$ 1,105,094	\$ -	\$ -	\$ 1,105,094
Construction in progress	341,943	322,135	(341,943)	322,135
Works of art	71,905	-	-	71,905
Total Capital assets not being depreciated	<u>1,518,942</u>	<u>322,135</u>	<u>(341,943)</u>	<u>\$ 1,499,134</u>
Capital Assets being depreciated:				
Buildings	58,009,001	-	-	58,009,001
Improvements	29,089,359	1,998,138	-	31,087,497
Equipment and vehicles	<u>22,919,901</u>	<u>557,986</u>	<u>-</u>	<u>23,477,887</u>
Total Capital Assets being depreciated	110,018,261	2,556,124	-	112,574,385
Less Accumulated Depreciation	<u>(57,207,169)</u>	<u>(3,764,062)</u>	<u>-</u>	<u>(60,971,231)</u>
Capital Assets, net	<u>\$54,330,034</u>	<u>\$(885,803)</u>	<u>\$ (341,943)</u>	<u>\$ 53,102,288</u>

NOTE G – REVENUE BONDS AND CERTIFICATES OF PARTICIPATION PAYABLE

In August 2010, the College refinanced the Series 2004 bond issue with Lease Agreement Refunding Certificates of Participation, Series 2010. The refinanced debt will retain the same maturity date as the Series 2004 bond issue with final maturity of May 15, 2020 but with lower interest rate ranging from 2% to 3.125% resulting in a cash savings of \$178,641. The refunding certificates of participation will continue to be retired from a \$3 student fee per credit hour.

The Refunding Certification of Participation, Series 2010 payable as of June 30, 2020, and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Noncurrent revenue bonds payable	\$ -	\$ -
Current portion	\$510,000	\$360,000

The College had total unamortized deferred refinancing expenses for this series at June 30, 2020 and 2019 of \$196,047 and \$29,313, net of accumulated amortization of \$720,000 and \$690,687, respectively. Deferred refinancing expenses are amortized over the remaining maturity of the original bond series. Annual amortization of \$33,189 for the years ended June 30, 2020 and 2019 was included as interest expense.

Capital Leases - December 1, 2010 the College issued Certificates of Participation Series 2010-B in the amount of \$25,940,000 for facility renovations to the new Technical Education Center, the Sports Complex, the Performing Arts Center and other facility improvements. The obligation has a 15 year maturity with payments beginning April 1, 2011 and a final payment due April 1, 2026. Interest will be paid semiannually at rates varying from 3.00% to 4.125% beginning October 1, 2011 and a final payment April 1, 2026.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE G – REVENUE BONDS AND CERTIFICATES OF PARTICIPATION PAYABLE (Continued)

The College entered into 2 lease agreements with UMB Bank (which were subsequently transferred to Security Bank of Kansas City), the provider of funds for the construction of improvements and the purchase of equipment. The lease begins December 1, 2010 and shall terminate upon the full payment of all rent payments. Rent payments cover all payments due on the Certificates of Participation Series 2010-B.

Capital lease obligations outstanding at June 30, 2020 and 2019 consist of the following:

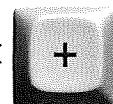
	<u>Original Amount</u>	<u>2020</u>	<u>2019</u>
TEC building improvements and equipment – Certificates of Participation, Series 2010-B capital cost of \$25,940,000, 3 - 4.125% interest paid semi- annual principal payments vary at approximately \$2,306,000 Including interest through April, 2026	<u>\$25,940,000</u>	<u>\$0</u>	<u>\$ 13,845,000</u>
Total Capital Lease Obligations – Series 2010-B	<u>\$25,940,000</u>	<u>\$0</u>	<u>\$ 13,845,000</u>

The College has accounted for the transactions as capital leases. The cost of the improvements and equipment are recorded as assets and the corresponding obligations as liabilities.

In January 2020, the College refinanced the Series 2010-B bond issue with Lease Agreement Refunding Certificates of Participation, Series 2020-A. The refinanced debt will retain the same maturity date as the Series 2010-B bond issue with a final maturity of April 1, 2026 but with a coupon rate of 4% and annual yields of 1.15-1.45% resulting in cash savings of \$1,053,844.

Capital lease obligations outstanding at June 30, 2020 and 2019 on the Series 2020-A bond issue with Lease Agreement Refunding Certificates of Participation consist of the following:

	<u>Original Amount</u>	<u>2020</u>	<u>2019</u>
Series 2020-A capital cost of \$11,095,000, 1.15 - 1.45% interest paid semi-annually, principal payments vary through April, 2026	<u>\$11,095,000</u>	<u>\$11,095,000</u>	<u>\$0</u>
Total Capital Lease Obligations – Series 2020-A	<u>\$11,095,000</u>	<u>\$11,095,000</u>	<u>\$0</u>



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE G – REVENUE BONDS AND CERTIFICATES OF PARTICIPATION PAYABLE (Continued)

In FY 2013, the College entered into the following Capital lease obligations outstanding at June 30, 2020 and June 30, 2019:

	<u>Original Amount</u>	<u>2020</u>	<u>2019</u>
TEC building improvements and equipment – Certificates of Participation, Series 2013 capital cost of \$5,520,000, 2-4 % interest paid annually principal and interest payments vary at approximately \$352,000 to 518,000 through June, 2027	\$ 5,520,000	\$1,205,000	\$3,770,000
Total Capital Lease Obligations – Series 2013	<u>\$ 5,520,000</u>	<u>\$1,205,000</u>	<u>\$3,770,000</u>

The College has accounted for the transactions as capital leases and recorded the cost of the improvements and equipment as assets and the corresponding obligations as liabilities.

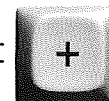
In FY 2014, the College entered into the following Capital lease obligations outstanding at June 30, 2020 and 2019 consist of the following:

	<u>Original Amount</u>	<u>2020</u>	<u>2019</u>
Building improvements and equipment – Certificates of Participation, Series 2014 capital cost of \$8,045,000, 3 - 4.00% interest paid semi- annually, principal payments vary at approximately \$360,000 to \$810,000 plus interest through May , 2029	\$ 8,045,000	\$3,550,000	\$6,750,000
Total Capital Lease Obligations – Series 2014	<u>\$ 8,045,000</u>	<u>\$3,550,000</u>	<u>\$6,750,000</u>

In January 2020, the College partially refinanced the Series 2013 and 2014 bond issues with Lease Agreement Refunding Certificates of Participation, Series 2020-B. The refinanced debt will retain the same maturity date as the Series 2014 bond issue with a final maturity of April 1, 2029, but with a lower interest rate resulting in a cash savings of \$159,499.

Capital lease obligations outstanding at June 30, 2020 and 2019 consist of the following:

	<u>Original Amount</u>	<u>2020</u>	<u>2019</u>
Series 2020-B capital cost of \$4,270,000, 2.0-2.65% interest paid semi-annually, principal payments vary through April, 2029	\$4,270,000	\$4,270,000	\$0
Total Capital Lease Obligations – Series 2020-B	<u>\$4,270,000</u>	<u>\$4,270,000</u>	<u>\$0</u>



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE G – REVENUE BONDS AND CERTIFICATES OF PARTICIPATION PAYABLE (Continued)

The minimum lease commitments for all capital lease obligations at June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2021	2,525,000	786,971	3,311,971
2022	2,720,000	602,318	3,322,318
2023	2,835,000	503,004	3,338,004
2024	2,965,000	398,970	3,363,970
2025	3,075,000	294,750	3,369,750
2026-2029	6,000,000	318,362	6,318,362
	<u>\$20,120,000</u>	<u>\$2,904,375</u>	<u>\$23,024,375</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Operating Leases - Property - The College maintains certain operating leases which are subject to an annual appropriation by the College. These operating leases are related to housing and certain educational facilities and equipment.

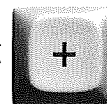
In April of 2017 the College entered into a lease agreement under which the College agreed to use a building owned by the School District for the College's technical education programs. In lieu of paying rent, the College agreed to grant admission to the technical education courses only to students who are enrolled in the Leavenworth School District without requiring the payment of any tuition or course fees. Management would note that such tuition will be covered by the State under KS Senate Bill 155. The Leavenworth facility previously used by the College was vacated in the summer of 2015 and the non-technical education courses held at that facility were transferred to the new Leavenworth facility.

The College, subject to annual appropriation, is also obligated to a year to year lease, with Royal Ridge Apartments, to provide apartments for student housing. Monthly rents for the year ended June 30, 2020 were \$541,158. Future minimum lease commitments for the year ending June 30, 2021 are \$541,158. Subsequent to June 30, 2020 this lease was renewed for two years, until June 30, 2022 at the same annual lease commitment. Accordingly, under this renewed operating lease the College has an annual lease commitment of \$541,148 for years ending June 30, 2021 and 2022.

The college leases space from a third party to conduct forklift classes for the Technical Education Center. \$800 payments began June 2019 and have continued monthly.

Operating Leases - Equipment - The College is the lessee for 71 photocopiers, all determined to be operating leases; hence the copiers are not capitalized nor depreciated. All leases are for 60 months in duration.

The college entered into an agreement with Master Leasing on August 1, 2018 to lease 2 passenger buses. This lease will expire on July 31, 2023. Total monthly rent is \$3,727.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

The future minimum lease commitments under these equipment leases are as follows:

Year Ending June 30,	
2021	116,669
2022	99,166
2023	66,086
2024	14,973
2025	<u>5,108</u>
	<u>\$ 302,002</u>

NOTE I – CONTINGENCIES

The College is party to various legal proceedings arising principally in the normal course of operations. In the opinion of the administration, the outcome of these proceedings will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

NOTE J – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; or acts of God.

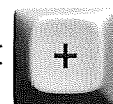
The College pays an annual premium to The Accident Fund for workmen's compensation insurance coverage.

The College maintains commercial insurance for risks of loss not covered by The Accident Fund, including property, general and automobile liability, public officials, errors and omissions, and employee health and accident insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

NOTE K – DEFINED BENEFIT PENSION PLAN

Plan Description - The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq; as defined in Governmental Accounting Standards Board Statement No. 67, *Financial reporting for Pension Plans*. KPERS provides benefit provisions to statewide pension groups for State/School Employees, Local Employees, Police and Firemen, and Judges under one plan. Those employees participating in the pension plan for the College are included in the State/School employee group.

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees with ten or more years of credited service may retire as early as age 55 with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" for KPERS 1; KPERS 2 and KPERS 3 employees may retire with full benefits at age 60 with 30 years of service (no points system) or 65 with 5 years of service.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE K – DEFINED BENEFIT PENSION PLAN (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A 74-4922. A full copy of the KPERS Plan and related information may be obtained at www.kpers.org or by contacting 1-785-296-6166.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% if member is a KPERS 1 prior to July 1, 1993, the maximum lump sum payment for KPERS 2 & KPERS 3 is 30% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

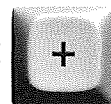
Funding Policy - K.S.A. 74-4919, as amended, establishes a three tier benefit structure. KPERS 1 members include active members hired before July 1, 2009. The member-employee contribution rate for KPERS 1 members increased from 4% to 6% on January 1, 2015. KPERS 2 members include active members hired between July 1, 2009 and December 31, 2014. The member-employee contribution rate for KPERS 2 members is 6%. KPERS 3 members include those first employed in a KPERS covered position after January 1, 2015. The member-employee contribution rate for KPERS 3 members is 6%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. To facilitate the separate actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer.

The individual employer allocation percentages for the pension amounts were based on the ratio of the employer and non-employer contributions for the individual employer in relation to the total of all employer and non-employer contributions of the group.

Special Funding Situation - The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation as defined by GASB No. 68.

The Kansas City Kansas Community College employer rate, as contributed by the State of Kansas on behalf of the College, was 14.41% for the fiscal 2020 year and 14.21% for the 2019 fiscal year.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE K – DEFINED BENEFIT PENSION PLAN (Continued)

The state of Kansas is treated as a non-employer contributing entity to KPERS and is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenses for the pension plan attributable to the College. At June 30, 2020 and 2019, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$41,775,829 and \$41,449,338, respectively.

Since the College does not contribute directly to KPERS there is no net pension liability or deferred inflows or outflows to report in the College's Statements of Net Position or the College's Statements of Revenues, Expenses and Changes in Net Position.

The State of Kansas contributes directly to KPERS on behalf of the College for the years ended June 30, 2020 and 2019, respectively. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position.

The employees of the College contributed to the plan for the fiscal year ended June 30, 2020 and 2019 totaling \$1,828,279 and \$1,836,949, respectively. The contribution requirements and rates are established by KPERS and are periodically revised.

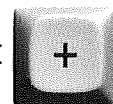
NOTE L – OTHER POSTEMPLOYMENT BENEFITS

The College had adopted a policy, which was discontinued effective July 1, 2015, which provided certain early retirement benefit options to eligible employees. The policy allowed applicable employees with at least 15 years of full-time service to the College, or 10 years of current and consecutive full time service at the College and 30 years' service credit in KPERS, who were eligible to retire under KPERS with full or reduced benefits, the option to retire early.

Benefits were computed at a maximum of 125% of final contract salary, paid annually at the lesser of: 1) 25% of their last annual salary (without overload, overtime, extra duty, etc.), or 2) the difference between full social security benefits and the employee's current eligible social security benefits, until 125% is paid or the early retiree reaches the age of full social security benefits. The employee is limited to five installments of this benefit.

In addition, the College also adopted an associated policy which expired at June 30, 2015 which will fund certain continuing health insurance benefits to individuals meeting the above criteria. The College sponsored plan was available to eligible early retired employees until 1) they become eligible for a federally funded health care plan, 2) the employee acquires employment where the health insurance is provided by the new employer, or 3) upon death of the early retired employee.

The College has elected to fund these benefits on a pay-as-you-go basis. In addition, the College has elected to record and report post-employment benefits related to certain employees of the College; which met certain criteria while employed by the Kansas City Kansas School District as a result of an agreement between the College and the Kansas City Kansas School District. These benefits aggregate to \$286,036 for the year ended July 30, 2020.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following is a summary of estimated benefits at present value payable for eligible employees that have taken early retirement as of June 30, 2020:

<u>Payable on</u>	<u>Fiscal Year</u>	<u>Net Present Value</u>
January 1, 2021	2021	257,903
January 1, 2022	2022	117,695
January 1, 2023	2023	101,423
January 1, 2024	2024	76,792
January 1, 2025	2025	<u>66,096</u>
		<u>\$619,909</u>

NOTE M – STUDENT LOANS

The College provides Student Financial Aid as provided by the United States Department of Education. Student financial aid includes certain loans to students who attend the College. For the period ending June 30, 2020 and 2019 loan proceeds were recorded as federal grants and contracts and subsequently expensed through scholarships and financial aid. For the period ending June 30, 2020, and 2019 these balances were recorded in the Student Loan Fund (Agency Fund).

Student loan activities for the respective periods are as follows:

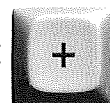
	<u>2020</u>	<u>2019</u>
Direct Subsidized Loans	\$1,201,331	\$1,800,329
Direct Un-Subsidized Loans	\$1,342,172	\$1,858,502
Direct PLUS Loans	\$ 12,961	\$ 17,868

NOTE N – UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of the independent auditors' report, we cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may impact our financial position, results of operations, and cash flows in fiscal year 2021.

NOTE O – TAX ABATEMENTS

The Unified Government of Wyandotte County may provide certain property tax abatements to encourage capital investment, employment opportunities and quality services for the benefit of the community. Tax abatements are the result of an agreement between the Unified Government and an outside party in which the Unified Government promises to forgo tax revenues and the outside party promises to take specific actions that contributes to the economic development or benefits citizens of the Unified Government. The issuances of these abatements are pursuant to Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 et seq. and 79-201a.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE O – TAX ABATEMENTS (Continued)

The Economic Development Program “EDX” has the following criteria:

- Existence of Economic Benefit – The project must add to the local economy according to: capital investment, producing value-added products and services, number of jobs created and associated payroll, and whether the project provides a positive fiscal and economic impact.
- Type of Business – The project shall be of a nature that is desirable and stimulates the local economy and improves the quality of life for its citizens.
- Compatibility with Adopted Plans – The project shall be consistent with the Unified Government Comprehensive Plan, any applicable corridor plans, and other plans of the Unified Government which may be relevant to the project.
- Excluded Business – The project may not be listed as prohibited by state law (K.S.A. 79-201a) or otherwise listed as ineligible under the Unified Government Tax Abatement Policy.
- Maintaining Existing Tax Base – The amount of property taxes or special assessments on the existing land and facilities shall under no circumstances be reduced for new development projects.
- Transfer of Ownership – The owner or lessee of any property that is all or partially exempt from ad valorem taxes as the result of the Unified Government having granted the exemption shall obtain the Unified Government written consent before transferring majority ownership of the property unless the transfer is to an affiliate or a related entity.

During the 2020 calendar year the Unified Government reported \$3,016,965 in taxes abated relative to the College.

NOTE P – SUBSEQUENT EVENTS

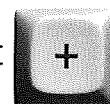
Subsequent events have been evaluated through January 12, 2021, the date the financial statements were available to be issued.

Subsequent to June 30, 2020, the Board of Trustees of the College approved the construction of a new student housing building in the amount of approximately \$20,000,000. The College entered into a Preconstruction Agreement with a Development Company to plan and design the project. In addition to the approval to construct the new student housing project, the Board approved the issuance of up to \$20,000,000 in Special Revenue Bonds to finance the project. The College anticipates entering a construction contract with the Development Company and breaking ground on the project in early 2021, with completion of the project and occupancy expected by June or July 2022.

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES

Organization and Summary of Significant Accounting Policies

Organization - Since 1977, the Kansas City Kansas Community College Foundation has proudly served as a partner and avid supporter for the enhancement of teaching, learning, and engaging the community to transform lives. As a charitable, non-profit 501(c)(3), it is led by committed community members. Foundation leadership raises funds for College programs, projects, and special initiatives. The Foundation administers scholarship programs designed to provide Kansas City Kansas Community College students with academic and professional growth opportunities. Foundation Leaders are committed to facilitating key partnerships between the college and the community.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES (Continued)

Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Not-for-Profit Entities. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are those currently available at the discretion of the Board for use in the entity's operations and those resources invested in land, buildings and equipment and other property.

Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes, special projects, or for the acquisition or construction of land, buildings, and equipment. The Foundation has chosen to show contributions whose restrictions are met in the same reporting period as unrestricted support. The Foundation's policy is to use restricted funds first, before any unrestricted funds would be used for the restricted purpose.

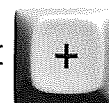
Property and Equipment - Property and equipment is recorded at fair value at the date of acquisition. There was no property and equipment held at June 30, 2020 or 2019.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation maintains cash balances at five financial institutions. Accounts at these banks were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation had \$418,357 and \$267,508 in uninsured cash balances at June 30, 2020 and 2019, respectively.

Allocation of Functional Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses may be attributable to more than one program or supporting function. Therefore, these expenses would require allocation on a reasonable basis that is consistently applied. Salaries and benefits, and contractual services are allocated on the basis of estimates of time and effort. All other expenses are based on the type of activity or purpose of the expense.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Actual results could differ from those estimates.

Concentrations of Risk - During the years ended June 30, 2020 and 2019, two donors accounted for approximately 33% and 50% of the contributions received, respectively. These donations are received from established trust funds of which only the earnings less fees can be spent and must be directed for scholarship purposes at the College.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES (Continued)

Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes - The Foundation qualifies as tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax position meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Foundation is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Foundation is no longer subject to income tax examinations by the applicable tax authorities for the years before fiscal 2017. If any were to be incurred, the Foundation's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Date of Management's Review - In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 12, 2021, the date that the financial statements were available to be issued.

Investments

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES (Continued)

Investments (Continued)

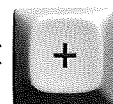
The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan can access.
Level 2	Inputs to the valuation methodology include • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

- Money Market accounts are valued based on quoted prices for the underlying assets or liabilities of the securities and are classified within Level 2 of the fair value hierarchy.
- Equity securities are valued based on quoted prices for the underlying assets or liabilities of the securities and are classified within Level 1 of the fair value hierarchy.
- Fixed income securities are valued based on quoted prices for the underlying assets or liabilities of the securities and are classified within Level 2 of the fair value hierarchy.



KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES (Continued)

Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's Investment assets at fair value as of June 30, 2020 and 2019.

Assets at Fair Value as of June 30, 2020				
	Total	Level 1	Level 2	Level 3
Money markets	\$ 60,115	\$ -	\$ 60,115	\$ -
Fixed income securities	331,327	-	331,327	-
Equity securities	290,377	290,377	-	-
	<u>\$681,819</u>	<u>\$290,377</u>	<u>\$391,442</u>	<u>\$ -</u>

Assets at Fair Value as of June 30, 2019				
	Total	Level 1	Level 2	Level 3
Money markets	\$ 22,068	\$ -	\$ 22,068	\$ -
Fixed income securities	222,876	-	222,876	-
Equity securities	253,494	253,494	-	-
	<u>\$498,438</u>	<u>\$253,494</u>	<u>\$244,944</u>	<u>\$ -</u>

Net Assets with Donor Restrictions

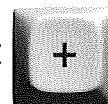
Net assets with donor restrictions consisted of amounts contributed for specific scholarship programs. These totaled \$1,330,147 and \$1,177,314 at June 30, 2020 and 2019, respectively.

Net assets released from donor restrictions, by incurring expenses satisfying the restricted purpose, or by occurrence of events specified by the donors, totaled \$300,580 and \$106,336 at June 30, 2020 and 2019, respectively.

Additionally, the Foundation had net assets which were restricted in perpetuity of \$302,100 and \$262,100 at June 30, 2020 and 2019, respectively. It is the policy of the Kansas City Kansas Community College Foundation to invest the Foundation scholarship funds in a wise and prudent manner. Funds will be invested to create the best return while maintaining the security and availability of the funds for students for many years to come. Investments will be reviewed yearly by the Board of Directors.

In-Kind Services

The Kansas City Kansas Community College provides office and management resources to the Foundation. For the year ended June 30, 2019 and 2018 the Foundation recorded and reported \$529,585 and \$324,033 in resources received as in-kind services by the College limited to personnel costs, supplies, and contractual services expended by the College.



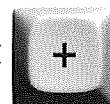
KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – KANSAS CITY KANSAS COMMUNITY COLLEGE FOUNDATION NOTES (Continued)

Liquidity

The Foundation receives significant contributions which are restricted by donors. Management considers any contributions which are restricted for programs that are on-going, major, and central to its annual operations to be available to meet the majority of current cash needs, with the balance of funding coming from cash carry-overs of prior year amounts without restrictions. These funds are available to meet general expenditures for the current year. Management believes that these resources are sufficient to meet the general operating needs of the Foundation based on their review of the programming needs for the upcoming year and their review of historical costs.

Financial assets, at year-end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$1,204,059	\$1,209,650
Investments	681,820	498,438
Receivables	<u>31,050</u>	<u>2,500</u>
Total financial assets, at year-end	<u>\$1,916,929</u>	<u>\$ 1,710,588</u>
Financial assets unavailable for general Expenditures:		
Accounts payable	100	283
Deposits held for others	-	138
Amounts restricted by donor	<u>1,330,147</u>	<u>1,177,314</u>
	<u>\$ 1,330,247</u>	<u>\$ 1,177,735</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 586,682</u>	<u>\$ 532,853</u>



KANSAS CITY KANSAS COMMUNITY COLLEGE
SUPPLEMENTAL SCHEDULE OF COMPARISON OF
BUDGETARY EXPENDITURES WITH APPROPRIATIONS
Year Ended June 30, 2020

	Budgetary Expenditures	Legal Appropriations Budget	(Over) Under Budget
Operating Expenses			
Salaries & Benefits	\$ 41,565,728	\$ 45,704,930	\$ 4,139,202
Contractual Services	1,755,884	2,012,975	\$ 257,091
Supplies & Other Operating Expenses	10,744,884	11,564,727	\$ 819,843
Utilities	1,703,700	2,077,855	\$ 374,155
Repairs & Maintenance to Plant	2,651,006	4,595,883	\$ 1,944,877
Scholarships & Financial Aid	9,229,010	10,371,309	\$ 1,142,299
Total Operating Expenses	67,650,212	76,327,679	\$ 8,677,467
Nonoperating Expenses			
Interest Expense	875,947	876,000	\$ 53
Total Expenses	<u>\$ 68,526,159</u>	<u>\$ 77,203,679</u>	<u>8,677,520</u>

The college's legal appropriations budget is prepared on a cash basis. The budgetary expenditures in this schedule are also reported on a cash basis of accounting; therefore they differ from those reported on the Statement of Revenues, Expenses, and Change in Net Position which are reported on an accrual basis of accounting.