

**ALUMNI - BOOSTER ASSOCIATION OF  
DODGE CITY COMMUNITY COLLEGE**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**ALUMNI - BOOSTER ASSOCIATION OF  
DODGE CITY COMMUNITY COLLEGE**

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*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

1100 W. Frontview  
P. O. Box 1477  
Dodge City, Kansas 67801  
Tel. (620) 227-3135  
Fax (620) 227-2308  
[www.kmc-cpa.com](http://www.kmc-cpa.com)

JAMES W. KENNEDY, CPA  
ROBERT C. NEIDHART, CPA  
PATRICK M. FRIESS, CPA  
JOHN W. HENDRICKSON, CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alumni - Booster Association of  
Dodge City Community College  
Dodge City, Kansas

We have audited the accompanying financial statements of the Alumni – Booster Association of Dodge City Community College (a nonprofit organization), which comprise the statement of assets and net assets - cash basis as of June 30, 2018 and 2017, and the related statements of revenue, expenses and changes in net assets - cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 assets and net assets of the Alumni - Booster Association of Dodge City Community College as of June 30, 2018 and 2017, and its revenue, expenses, and changes in its net assets for the years then ended in accordance with the cash basis of accounting as described in Note A.

## **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Kennedy McKee & Company LLP*

January 2, 2019

**ALUMNI - BOOSTER ASSOCIATION OF  
DODGE CITY COMMUNITY COLLEGE**

STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS

	June 30,	
	2018	2017
<u>ASSETS</u>		
Cash	\$ 7,707	\$ 28,269
Investments	417,096	385,467
Total assets	\$ 424,803	\$ 413,736
<u>NET ASSETS</u>		
Unrestricted	\$ 156,028	\$ 148,716
Temporarily restricted	132,406	128,847
Permanently restricted	136,369	136,173
Total net assets	\$ 424,803	\$ 413,736

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

**ALUMNI - BOOSTER ASSOCIATION OF  
DODGE CITY COMMUNITY COLLEGE**

**STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS - CASH BASIS**

	Year ended June 30, 2018			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue:				
Donations and sponsorships	\$ 1,500	\$ -	\$ -	\$ 1,500
Student loan repayments	-	-	-	-
Memberships	-	-	-	-
Investment income	17,304	14,130	196	31,630
Net assets released from restriction:				
Satisfaction of purpose restriction	10,571	(10,571)	-	-
Total revenue	29,375	3,559	196	33,130
Expenses:				
Program services:				
Scholarships	10,000	-	-	10,000
Dodge City Community College athletic and other programs	10,000	-	-	10,000
Loans to students	-	-	-	-
Building improvement	-	-	-	-
Management and general	2,063	-	-	2,063
Fundraising:				
Contract labor	-	-	-	-
Total expenses	22,063	-	-	22,063
Change in net assets	7,312	3,559	196	11,067
Net assets, beginning of year	148,716	128,847	136,173	413,736
Net assets, end of year	\$ 156,028	\$ 132,406	\$ 136,369	\$ 424,803

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

Year ended June 30, 2017

<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
\$ 25,510	\$ -	\$ 200	\$ 25,710
-	650	-	650
600	-	-	600
16,393	21,271	-	37,664
<u>4,000</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>
<u>46,503</u>	<u>17,921</u>	<u>200</u>	<u>64,624</u>
11,000	-	-	11,000
18,518	-	-	18,518
4,000	-	-	4,000
15,894	-	-	15,894
1,315	-	-	1,315
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
<u>52,727</u>	<u>-</u>	<u>-</u>	<u>52,727</u>
(6,224)	17,921	200	11,897
<u>154,940</u>	<u>110,926</u>	<u>135,973</u>	<u>401,839</u>
<u>\$ 148,716</u>	<u>\$ 128,847</u>	<u>\$ 136,173</u>	<u>\$ 413,736</u>

**ALUMNI - BOOSTER ASSOCIATION OF  
DODGE CITY COMMUNITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018 and 2017

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in interpreting the financial statements.

**1. Organization**

The Alumni - Booster Association of Dodge City Community College is a not-for-profit corporation organized on March 6, 1997, under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The purpose of the Association is to provide financial assistance through academic and athletic scholarships and to support educational undertakings of Dodge City Community College.

**2. Basis of presentation**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles primarily because the Association has not recognized accounts receivable or accounts payable to vendors, and their related effects on the change in net assets.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**3. Investments**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Assets and Net Assets – Cash Basis. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in temporarily restricted net assets in the reporting period in which the income and gains are recognized. Marketable securities are stated at fair value, determined by reference to quoted market prices.

**4. Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5. Restricted and unrestricted revenue

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Revenue, Expenses and Changes in Net Assets – Cash Basis as net assets released from restrictions.

### 6. Fair value measurements

Accounting principles generally accepted in the United States of America establish a 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). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to 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 by other means.

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.

## B. INVESTMENTS

Investments are listed below by type at fair value:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 363,901	\$ 337,736
Money market	<u>53,195</u>	<u>47,731</u>
Total fair value	417,096	385,467
Unrealized (appreciation) depreciation	<u>(92,498)</u>	<u>(78,810)</u>
Cost	<u>\$ 324,598</u>	<u>\$ 306,657</u>

## B. INVESTMENTS (CONTINUED)

Fair value of assets measured on a recurring basis at June 30, 2018 and 2017 is as follows:

	Fair value measurements at reporting date using		
	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
June 30, 2018 investments	\$ 417,096	\$ -	\$ -
June 30, 2017 investments	385,467	-	-

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	June 30, 2018				June 30, 2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest and dividend income	\$ 8,803	\$ 5,464	\$ 196	\$ 14,463	\$ 4,936	\$ 3,825	\$ -	\$ 8,761
Net realized and unrealized gains (losses)	8,501	8,666	-	17,167	11,457	17,446	-	28,903
Total investment return	<u>\$ 17,304</u>	<u>\$ 14,130</u>	<u>\$ 196</u>	<u>\$ 31,630</u>	<u>\$ 16,393</u>	<u>\$ 21,271</u>	<u>\$ -</u>	<u>\$ 37,664</u>

## C. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	June 30,	
	2018	2017
Scholarships	\$ 27,454	\$ 34,421
Loan program	104,952	94,426
Total temporarily restricted net assets	<u>\$ 132,406</u>	<u>\$ 128,847</u>

## D. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support scholarships and an interest-free student loan program as follows:

	June 30,	
	2018	2017
Scholarships	\$ 36,369	\$ 36,173
Loan program	100,000	100,000
Total permanently restricted net assets	<u>\$ 136,369</u>	<u>\$ 136,173</u>

## E. ENDOWMENT

The Alumni-Booster Association of Dodge City Community College's endowment consists of individual funds established by donors to provide scholarships to students and loans to students of Dodge City Community College. Its endowment includes permanent endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

E. ENDOWMENT (CONTINUED)

**Interpretation of Relevant Law**

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

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

**Endowment Net Asset Composition by Type of Fund as of June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>(5,519)</u>	\$ <u>132,406</u>	\$ <u>136,369</u>	\$ <u>263,256</u>

**Changes in Endowment Net Assets for the Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>(5,584)</u>	\$ <u>128,847</u>	\$ <u>136,173</u>	\$ <u>259,436</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Student loan repayments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment return:				
Investment income	65	5,464	196	5,725
Net depreciation (realized and unrealized)	<u>-</u>	<u>8,666</u>	<u>-</u>	<u>8,666</u>
Total investment return	<u>65</u>	<u>14,130</u>	<u>196</u>	<u>14,391</u>
Appropriation of endowment assets for expenditures	<u>-</u>	<u>(10,571)</u>	<u>-</u>	<u>(10,571)</u>
Endowment net assets, end of year	\$ <u>(5,519)</u>	\$ <u>132,406</u>	\$ <u>136,369</u>	\$ <u>263,256</u>

E. ENDOWMENT (CONTINUED)

**Endowment Net Asset Composition by Type of Fund as of June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>(5,584)</u>	\$ <u>128,847</u>	\$ <u>136,173</u>	\$ <u>259,436</u>

**Changes in Endowment Net Assets for the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 110,926	\$ 135,973	\$ 246,899
Contributions	-	-	200	200
Student loan repayments	-	650	-	650
Investment return:				
Investment income	-	3,825	-	3,825
Net appreciation (realized and unrealized)	-	17,446	-	17,446
Total investment return	-	21,271	-	21,271
Appropriation of endowment assets for expenditures	(5,584)	(4,000)	-	(9,584)
Endowment net assets, end of year	\$ <u>(5,584)</u>	\$ <u>128,847</u>	\$ <u>136,173</u>	\$ <u>259,436</u>

**Description of Amounts Classified as Permanently Restricted Net Assets (Endowment Only)**

	<u>2018</u>	<u>2017</u>
Permanently restricted net assets The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA and classified as permanently restricted net assets	\$ <u>136,369</u>	\$ <u>136,173</u>
Temporarily restricted net assets Term endowment funds available for awarding scholarships and loans	\$ <u>132,406</u>	\$ <u>128,847</u>

**Funds with Deficits**

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the SPMIFA requires the Alumni-Booster Association of Dodge City Community College to maintain as a fund of perpetual duration. There was one donor restricted endowment at June 30, 2018 and 2017, that had value at less than the original gift. The deficit in that endowment at June 30, 2018 and 2017 was \$5,519 and \$5,584, respectively.

## E. ENDOWMENT (CONTINUED)

### **Return Objectives and Risk Parameters**

The Alumni-Booster Association of Dodge City Community College has adopted endowment investment and spending policies 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. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to preserve and enhance its endowment funds with a secondary goal of achieving an overall return which will be sufficient to support a level of spending that, as a percent of investable assets, will be relatively constant and will grow at least as rapidly as inflation.

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Alumni-Booster Association of Dodge City Community College has adopted a strategic Asset Allocation Plan that envisions a reasonably stable distribution of assets among major asset classes. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization 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.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization has a policy of appropriating for disbursement each year, the amount required to meet the scholarship and loan needs of students of Dodge City Community College within the parameters established by the donor (exclusive of realized and unrealized gains and losses). In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow and maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## F. RELATED ORGANIZATIONS

The Alumni-Booster Association is a related organization to Dodge City Community College, to the Dodge City Community College Foundation, and to the Dodge City Community College Endowment Association, because of economic interest. The Association is not under College control since it is a legally separate entity with an independent elected board. The economic interest is evidenced through the Association's support of programs and students of these entities.

During the years ended June 30, 2018 and 2017, the Association gave \$20,000 and \$29,518, respectively, for scholarships for College students and other College programs. In the years ended June 30, 2018 and 2017, the Association granted loans of \$0 and \$4,000, respectively, to students attending the College.

## G. INCOME TAXES – UNCERTAIN TAX POSITIONS

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Association's federal Exempt Organization Business Income Tax Returns (Form 990 and 990T) for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

## H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 2, 2019, the date on which the financial statements were available to be used. Management's evaluation concluded that there was a subsequent event.

On October 5, 2018, the Alumni - Booster Association of Dodge City Community College transferred \$59,856 of scholarship money to the Dodge City Community College Foundation.