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

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

December 6, 2017

Board of Directors and
Management
DCCC Foundation

We have audited the financial statements of the DCCC Foundation, for the year ended June 30, 2017, and have issued our report thereon dated December 6, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 2, 2015. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements were detected as a result of audit procedures and corrected by management.

- To record capitalized interest during building construction of $39,323.
- To record accrued interest payable of $63,580.
- To record contribution from DCCC, related construction in progress of $857,205.
- To record depreciation expense of $146,973.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The limited number of personnel in the Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if there were more staff to provide optimum segregation of duties. This situation requires that the Board remain involved in the financial affairs of the entity to provide oversight and independent review functions.

This information is intended solely for the use of the governing body and management of the DCCC Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kennedy McKee & Company LLP

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

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

December 6, 2017

Board of Directors
Dodge City Community College Foundation
Dodge City, Kansas

In planning and performing our audit of the financial statements of Dodge City Community College Foundation as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Dodge City Community College Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Dodge City Community College Foundation's internal control to be significant deficiencies:

SIGNIFICANT DEFICIENCY

Underwater Endowment Funds
The Foundation received contributions for an endowed scholarship fund totaling $625,543. The endowed fund had accumulated earnings of $3,663 during the year. Academic scholarships of $30,000 were awarded from the endowed fund. This resulted in the endowed fund being underwater $26,337 at year-end. We recommend limiting future distributions to the earnings available to be awarded when making distributions from endowed scholarship funds.

This communication is intended solely for the information and use of the governing body, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kennedy McKee & Company LLP

DODGE CITY COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2017 and 2016

KENNEDY McKEE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS
1100 W. FRONTVIEW • P.O. BOX 1477 • DODGE CITY, KANSAS 67801 • (620) 227-3135

CONTENTS

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

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Dodge City Community College Foundation
Dodge City, Kansas

We have audited the accompanying financial statements of the Dodge City Community College Foundation, (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows 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 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial position of the Dodge City Community College Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kennedy McKee & Company LLP

December 6, 2017

DODGE CITY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30, 2017	June 30, 2016
ASSETS		
Assets:		
Cash and cash equivalents	$ 42,114	$ 31,721
Cash restricted for scholarships	1,042	1,039
Investments	2,399,828	534,337
Contribution receivable from DCCC	-	124,709
Short-term government securities restricted for building construction and debt service	8	415
Deferred bond issuance costs	147,332	158,769
Construction in progress	-	7,240,408
Buildings	8,136,936	-
Accumulated depreciation	(146,973)	-
	$ 10,580,287	$ 8,091,398
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ -	$ 124,709
Interest payable	61,426	63,580
Bond premium	64,057	68,985
Long-term debt	4,715,000	4,950,000
Total liabilities	4,840,483	5,207,274
Net assets:		
Unrestricted	3,293,125	2,349,748
Temporarily restricted	785,012	534,376
Permanently restricted	1,661,667	-
Total net assets	5,739,804	2,884,124
Total liabilities and net assets	$ 10,580,287	$ 8,091,398

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

DODGE CITY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

	Year ended June 30,			
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support and revenues:				
Special events	$ 13,404	$ -	$ -	$ 13,404
Direct benefits to donors	2,931	-	-	2,931
Net special events	10,473	-	-	10,473
Rent	372,545	-	-	372,545
Contributions	12,379	-	311,428	323,807
Interest	9,895	13,971	376	24,242
Realized gains and (losses)	-	(1,198)	-	(1,198)
Unrealized gains and (losses)	-	78,534	-	78,534
Royalties	-	624	-	624
Other income	-	-	-	-
Contribution from Dodge City Community College	885,963	-	356,405	1,242,368
Net assets released from restriction	3,039	(3,039)	-	-
Total support and revenues	1,294,294	88,892	668,209	2,051,395
Expenses:				
Program services	329,291	-	-	329,291
Management and general	19,057	-	-	19,057
Fund-raising	49,190	-	-	49,190
Total expenses	397,538	-	-	397,538
Change in net assets before transfer	896,756	88,892	668,209	1,653,857
Transfer from DCCC Endowment	46,621	161,744	993,458	1,201,823
Change in net assets after transfer	943,377	250,636	1,661,667	2,855,680
Net assets, beginning of year	2,349,748	534,376	-	2,884,124
Net assets, end of year	$ 3,293,125	$ 785,012	$ 1,661,667	$ 5,739,804

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

Year ended June 30,		
2016		
Unrestricted	Temporarily Restricted	Total
$ 17,675	-	$ 17,675
33,968	-	33,968
(16,293)	-	(16,293)
		-
138,719	-	138,719
31,283	-	31,283
143	2,229	2,372
-	(2,948)	(2,948)
-	16,640	16,640
-	-	-
3,520	-	3,520
2,081,107	-	2,081,107
30,000	(30,000)	-
2,268,479	(14,079)	2,254,400
55,890	-	55,890
8,627	-	8,627
-	-	-
64,517	-	64,517
2,203,962	(14,079)	2,189,883
-	-	-
2,203,962	(14,079)	2,189,883
145,786	548,455	694,241
$ 2,349,748	$ 534,376	$ 2,884,124

DODGE CITY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended June 30, 2017	Year ended June 30, 2016
Expenses:		
Program services:		
Scholarships and other program support to DCCC	$ 68,400	$ 55,000
Salaries	10,065	-
Interest expense	101,402	142
Depreciation	146,973	-
Newsletter	1,794	-
Other program expenses	657	748
Total program services	329,291	55,890
Management and general		
Salaries	11,503	-
Legal	1,936	4,280
Advertising	-	112
Office Expense	1,643	-
Bank Fees	1,590	28
Subscriptions	668	366
Other Expense	277	1,292
Memberships	-	525
Meals	1,440	2,024
Total management and general expenses	19,057	8,627
Fund-raising		
Salaries	7,190	-
Consulting	42,000	-
Total fund-raising	49,190	-
Total expenses	$ 397,538	$ 64,517

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

DODGE CITY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

	Year ended June 30, 2017	2016
Cash flows from operating activities:		
Cash received from contributions	$ 12,379	$ 31,283
Cash received for rent	372,545	138,719
Interest received	8	2,372
Cash received from special events	13,404	17,675
Cash received from others	-	3,520
Cash paid for special events	(2,931)	(33,968)
Cash paid to DCCC for scholarships and other acedimic support	(68,400)	(55,000)
Other program expense	(2,451)	(142)
Interest paid	(136,370)	(748)
Cash paid for management and general	(7,554)	(8,627)
Cash paid for fund-raising	(42,000)	-
Net cash provided (used) by operating activities	138,630	95,084
Cash flows from investing activities:		
Cash paid for building construction	(981,914)	(5,461,439)
Purchase of short-term securities	407	-
Sale of short-term securities	-	3,366,321
Purchase of investments	(639,876)	(573,731)
Sale of investments	60,485	53,086
Net cash provided (used) by investing activities	(1,560,898)	(2,615,763)
Cash flows from financing activities:		
Repayment of revenue bond principal	(235,000)	-
DCCC contributions for building construction	981,914	1,956,398
DCCC contributions restricted for scholarships	356,405	-
Contributions restricted for scholarships	311,428	-
Royalties restricted for scholarships	624	-
Transfer from DCCC Endowment	17,293	-
Net cash provided (used) by financing activities	1,432,664	1,956,398
Net change in cash	10,396	(564,281)
Cash and cash equivalents, beginning of year	32,760	597,041
Cash and cash equivalents, end of year	$ 43,156	$ 32,760

	Year ended June 30, 2017	Year ended June 30, 2016
Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	$ 42,114	$ 31,721
Cash restricted for scholarships	1,042	1,039
Total cash and cash equivalents	$ 43,156	$ 32,760
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 2,855,680	$ 2,189,883
Unrealized gain on investments	(78,534)	(16,640)
Realized loss on sale of investments	1,198	2,948
Interest and dividends reinvested	(24,234)	-
Capitalized interest	(39,323)	(145,087)
Depreciation expense	146,973	-
Bond issuance cost amortization	11,437	11,437
Bond premium accretion	(4,928)	(4,928)
DCCC contributions restricted for building construction	(857,205)	(1,942,529)
DCCC contributions restricted for scholarships	(356,405)	-
Contributions restricted for scholarships	(311,428)	-
Royalties restricted for scholarships	(624)	-
Transfer from DCCC Endowment	(1,201,823)	-
(Incease) decrease in contribution reveivable from DCCC	124,709	(124,709)
Incease (decrease) in accounts payable	(124,709)	124,709
Increase (decrease) in interest payable	(2,154)	-
Net cash provided (used) by operating activities	$ 138,630	$ 95,084

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

1. Business activity

The Foundation's purpose is to aid in the fulfillment of the research, teaching and service functions of Dodge City Community College. The Foundation is also involved with program development and facility renovation and expansion.

2. Basis of presentation

The Foundation 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.

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

3. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

4. Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property and equipment

The Foundation capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years

Property consists of construction in progress at June 30, 2016. Interest capitalized on construction in progress for the year ended June 30, 2017 and 2016 was $39,323 and $145,087, respectively.

6. Bond issuance costs

Bond issuance costs are deferred and amortized on the straight line basis over the repayment term of the bonds.

7. 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 Foundation 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.

8. Bond premium

Bond premium is deferred and amortized on the straight line basis over the repayment term of the bonds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Income tax status

The Foundation is exempt from federal income tax 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 Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of June 30, 2017. The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for June 30, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

10. Restricted and unrestricted revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions 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 Statement of Activities as net assets released from restrictions.

11. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

C. CONTRIBUTIONS RECEIVABLE

Contributions receivable from Dodge City Community College consist of amounts payable for construction in progress for the student activity center that will be paid for by the College.

D. SHORT-TERM GOVERNMENT SECURITIES

Short-term securities consist of bond proceeds held at a trustee bank restricted for construction of a student activity center. The trustee invests the funds in a money market. The money market invests primarily in short-term U.S. Treasury and government securities. The Federated Government Obligations Fund has a Standard and Poor's rating of AAAm.

	Cost	Fair Value
Federated Government Obligations Fund		
June 30, 2017	$ 8	$ 8
June 30, 2016	$ 415	$ 415

The fair value of these securities is based on observable inputs that reflect quoted prices (Level 1).

E. INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets and other relevant information generated by market transactions (all Level 1 measurements) and consist of the following:

	June 30,			
	2017		2016	
	Fair Value	Cost	Fair value	Cost
Money market	$ 271,360	$ 271,361	$ 26,934	$ 26,934
Common stock equities	448,915	430,828	219,009	214,507
Mutual funds	1,575,585	1,465,566	283,711	272,977
Master limited partnerships	13,872	12,946	4,683	3,279
Asset & mortgage backed securities	90,096	87,955	-	-
	$ 2,399,828	$ 2,268,656	$ 534,337	$ 517,697

F. ENDOWMENT

Dodge City Community College Foundation's endowment consists of individual funds established by donors to provide scholarships 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.

Interpretation of Relevant Law

The Board of Directors of Dodge City Community College Foundation 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, Dodge City Community College Foundation 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

F. ENDOWMENT (CONTINUED)

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ 210,601	$ 1,661,667	$ 1,872,268

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ -	$ -
Contribution from DCCC	-	-	356,405	356,405
Contributions	-	-	311,428	311,428
Total contributions	-	-	667,833	667,833
Investment return:				
Royalty	-	624	-	624
Investment income	-	4,115	376	4,491
Net appreciation (realized and unrealized)	-	47,157	-	47,157
Total investment return	-	51,896	376	52,272
Appropriation of endowment assets for expenditures	(26,337)	(3,039)	-	(29,376)
Transfer from DCCC Endowment	-	161,744	993,458	1,155,202
Endowment net assets, end of year	$ (26,337)	$ 210,601	$ 1,661,667	$ 1,845,931

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

	2017
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	$1,661,667
Temporarily restricted net assets	
Term endowment funds available for awarding scholarships	$ 210,601

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 Dodge City Community College Foundation to maintain as a fund of perpetual duration. There was one donor restricted endowment at June 30, 2017, that had value at less than the original gift. The deficit in that endowment at June 30, 2017 was $26,337.

F. ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Dodge City Community College Foundation 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 Dodge City Community College Foundation 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 Foundation has a policy of appropriating for disbursement each year, the amount required to meet the scholarships needs of students of Dodge City Community College within the parameters established by the donor (exclusive of unrealized gains and losses). In establishing this policy, Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation 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.

G. MERGER

The Dodge City Community College Endowment Association merged with the Dodge City Community College Foundation effective December 31, 2016. As a result of the merger, the Endowment Association was dissolved and became part of the Foundation. Through their merger, the organization will seek to further their common mission of providing financial assistance to the Dodge City Community College while reducing administrative overhead costs. Assets transferred to the Dodge City Community College Foundation were as follows:

Cash	$ 17,293
Investments	1,184,530
Total assets transferred	$1,201,823

H. ADVERTISING

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $ - and $122 for the years ended June 30, 2017 and 2016.

I. OPERATING SUBLEASE

The Foundation entered into a sublease agreement with Dodge City Community College in connection with financing the construction of a community events center and recreational facility for the benefit of Dodge City Community College students. The sublease was entered into on October 15, 2014. The original term of the sublease shall terminate on January 15, 2024. The sublease term may be extended for additional terms, solely at the option of the sublessee, in each of the sublessee's fiscal years, provided that at the time of any such extension the remaining sublease term shall not exceed ten years and, provided further, that the final extended term shall not exceed beyond July 15, 2030.

Future minimum sublease payments receivable under the original term are as follows:

Years ended June 30:		
2018	$	861,670
2019		371,770
2020		370,320
2021		372,370
2022		374,120
Thereafter		1,117,510
Total	$	3,467,760

J. INDUSTRIAL REVENUE BONDS

The Foundation issued industrial revenue bonds dated September 17, 2014 in the amount of $4,950,000 at interest rates varying from 2.00% to 3.25% payable in annual installments through July 15, 2030. In conjunction with the debt issuance, the Foundation entered into a sublease agreement with Dodge City Community College. The terms of the sublease are detailed in Note E.

Future minimum scheduled maturities of long-term debt are as follows:

Years ended June 30:		
2018	$	735,000
2019		255,000
2020		260,000
2021		270,000
2022		280,000
Thereafter		2,915,000
Total	$	4,715,000

K. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions restricted for scholarships to students.

L. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for scholarships to students.

M. AFFILIATED ORGANIZATION

The Foundation is affiliated with Dodge City Community College (a governmental entity) because of economic interest. The College does not control the Foundation since it is a legally separate entity with an independent elected board. There is an economic interest as evidenced through the Foundation's support of college students. During the years ended June 30, 2017 and 2016, the Foundation awarded scholarships and other program support in the amounts of $68,400 and $55,000 respectively to individuals attending the College.

The College contributed salaries of the Foundation Director of $28,758 and $ - for the years ended June 30, 2017 and 2016, respectively.

The College paid rent to the Foundation for used of the student activity center of in the amounts of $372,545 and $138,719, respectively.

The College paid construction in progress payments relating to the construction of the student activity center in the amounts of $857,205 and $2,081,107, respectively.

The College received an endowed scholarship donation of $356,405. The College appropriated the contribution to the Foundation for the year ended June 30, 2017. The endowed contribution has been accounted for as a permanently restricted contribution in accordance with the donor's original intent.

N. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 6, 2017, the date the financial statements were available to be issued. Management's evaluation concluded there were no subsequent events requiring disclosure in these financial statements.