



# HIGHER LEARNING COMMISSION

230 South LaSalle Street, Suite 7-500  
Chicago, IL 60604-1411  
312.263.0456 | 800.621.7440  
Fax: 312.263.7462 | [hlcommission.org](http://hlcommission.org)

October 12, 2021

Rev. Dr. Leonard Favara  
President  
Central Christian College of Kansas  
1200 S. Main  
P.O. Box 1403  
McPherson, KS 67460

Dear President Favara:

A Financial Panel has reviewed Central Christian College of Kansas's recent Interim Report. The Panel's analysis and recommendation are attached; no further monitoring by the Higher Learning Commission (HLC) is required at this time. You are encouraged to review the Panel's comments and to contact your HLC liaison if you have questions.

Sincerely,

Higher Learning Commission

cc: Rev. Dr. Leonard Favara, Accreditation Liaison Officer  
Andrew Lootens-White, HLC Staff Liaison



## Financial Panel Report

### *Analysis and Recommendation*

Panel members should review the institutional report and supplementary documents and provide their analysis and recommendation on whether the institution is at risk of not meeting the Criteria for Accreditation. If the panel decides that additional information is necessary to make a recommendation, the panel lead should contact HLC to obtain that information. See the [Financial and Non-financial Indicator Process](#) for additional details.

#### **Submission Instructions**

After ensuring that all part of the form are complete, the panel lead should upload the Financial Panel Report to the panel page in the HLC Portal.

Institution: Central Christian College of Kansas

City: McPherson      State: KS

Date of panel review: September 2021

#### Financial Panel members:

- Christopher Demaline (lead), Central Arizona College
- Glena Temple, Dominican University
- Tonya Troka, Northwestern College

#### Previous HLC action regarding the institution's financial report (if applicable):

Monitoring in the form of an embedded report for the 2023-2024 comprehensive evaluation stemmed from the March 2020 Focused Visit.

#### Items addressed in the report:

Central Christian College of Kansas (CCCK) submitted a 2021 Indicator Report to the HLC that included:

- Introduction

- Impactors
- Composite Financial Analysis
- Strategies
- Recent actions
- Conclusion

In addition to the narrative provided CCCK provided the following supporting documents:

- Audited Financials [2020, 2019, 2018]
- Three-Year Budget: Proposed is related to FY2022, Current is the Preliminary FY2021 Pre-
- Audited Data, Previous Years reflect post-audit data
- Board and Finance Committee Meeting Minutes
- Audit Management Letter [2020, 2019, 2018]
- Interim Financial Statement [Please see Financials 2021 - Draft]
- Enrollment Trends
- Strategic Enrollment Management Plan [SEMP]
- Individual Component Ratios [CFI Dashboard Data]

## Panel Analysis

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The institution saw improvement in its CFI from 2019 (0.1) to 2020 (1.1). CCCK indicated in their institution report that the CFI improvement did not persist in 2021 due to the suspension of residential classes and activities as a result of COVID-19. Specifically, CCCK noted that the College owned daycare facility (annual revenue loss for the facility was \$51,255) impacted the Net Income Ratio.

CCCK provided evidence to indicate that they have made progress to improve Primary Reserve Ratio and Equity Ratio. The progress in both areas does indicate their intentional and stable commitment to address sustainability concerns. The Institution Report provided also includes evidence that the institution is aware of the need to grow and meets its obligations to its constituents.

The institution provided specific strategies that are being pursued. These include budget measures to align with expenses, increasing new enrollment, increase student retention and persistence rates, endowment management, debt management, stronger communication with the Board, addressing liabilities, using a forecasting tool to improve tracking and planning capability, and adding CFI goals to the strategic plan.

An emphasis on the debt reduction because of the sale of the Daycare in 2021 was also provided by CCCK in their report. It is anticipated that the sale will have a positive impact on the CFI for FY2021 and the projection is for the CFI to be >2.0. CCCK used CapinCrouse and their own projection models to make this projection. Furthermore, the report indicates that CCCK will have a CFI of greater than or equal to 1.5 in 2022.

## Panel Recommendations

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The panel has reviewed and evaluated the institutional documents provided (report and supplementary documents) in making its recommendation.

- Accept Report.** The panel concludes that the institution has substantially met its commitment in its report on financial indicators.

Rationale:

- Accept Report With Qualifications.** Overall, the institution addressed the financial concerns adequately. However, the panel has concerns on the following matters that the institution should consider in future planning.

Specific concerns:

This institution has been employing strategies throughout the last seven years to improve their CFI and financial viability. These strategies have allowed CCCK to show improvement in 2019 as reported in the increased CFI for 2020. It is apparent that COVID-19 negatively impacted that progress in 2020 as reported in a lower CFI in 2021. The institution will need to continue to focus on the strategies designed to improve their financial viability as the team prepares for comprehensive evaluation in 2023-2024.

- Recommend HLC Follow-up.** The panel reviewed the materials and has concerns that the institution may be at continued financial risk, explained below. The panel is recommending the following monitoring:
- Interim Report—due three months from the date of action\*
  - Focused Visit—to occur within six months of the date of action\*

*\*HLC staff may adjust this follow-up to be included in future monitoring or a visit already scheduled with the institution.*

Specific financial risks, with explanation: