

Hilltop

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The records show Hilltop has not only been losing money, but that the loss grew significantly during the past 12 months. But the same documents also show that the organization isn’t broke.

Hilltop ended its 2026 fiscal year with just more than \$1 million in cash, and also listed nearly \$470,000 of assets being held in a special account at the Douglas County Community Foundation. It wasn’t immediately clear what would happen to those combined funds of more than \$1.4 million, and whether the amount would be sufficient to help create new childcare options for the community.

The Journal-World asked several questions about the finances and the funds to a KU spokeswoman on Monday, but hadn’t yet received a response.

A spokeswoman with the KU Endowment Association — which plays a key role in Hilltop affairs because it owns the ground upon which Hilltop’s West Campus building sits and loaned \$6 million to the nonprofit — told the Journal-World last week that it is considering ideas for the future.

But first the association wants to hear views from

a new KU work group that is studying childcare for the campus, Daryl Bell, a spokeswoman with KU Endowment told the Journal-World via email.

“KU Endowment is awaiting the outcome of that process before taking any further action,” Bell said of a work group that is being convened by the KU provost. “KU Endowment is also communicating with private childcare providers that have expressed interest in the west location so we can begin to understand what those opportunities might look like. However, we are awaiting the university’s next steps before taking any further action.”

Since 2024, Hilltop has operated two childcare centers — its longtime home on the southern portion of KU’s main campus, and a newer facility on endowment-owned land on KU’s West Campus, northwest of Clinton Parkway and Iowa Street.

The addition of a second center, however, did not produce increased revenues or profits. Instead, Hilltop has seen major declines in revenue since adding the second center, and the nonprofit has been posting overall losses for the past two years.

Hilltop posted an operating loss of \$354,628 in fiscal year 2025. The losses mounted in fiscal year 2026, and the organization

ended the year in June with an operating loss of \$584,077. Revenues also declined from about \$5.1 million in fiscal year 2025 to \$3.1 million in fiscal year 2026. Tuition revenue alone dropped from about \$3.7 million in fiscal year 2025 to \$2.3 million in fiscal year 2026. That follows reports from faculty and families at Hilltop that enrollment has declined significantly at the school.

Over the last year, Hilltop has been cited for numerous state violations of childcare regulations related to supervision standards and other such issues. The nonprofit’s current enrollment is 130 students or fewer at its main campus, according to parents with knowledge of the matter, while the two buildings have capacity for about 400 students combined.

The financial documents also show the organization has been struggling to pay back the \$6 million loan it received from KU Endowment in 2024 to develop Hilltop’s West Campus. Hilltop did not make a payment toward the principal of the loan in fiscal year 2026, according to the records. The 2025 audit lists the loan as an unsecured loan — meaning Hilltop didn’t have to pledge any collateral to the Endowment Association to get the loan — with an interest rate of 6.875%. Hilltop is supposed to make annual payments

of \$880,000 through 2034 to pay off the loan, according to a note in the audited financial statements.

The current status of the loan, however, is unclear. In an email last week, KU spokeswoman Erinn Barcomb-Peterson told the Journal-World that the \$6 million from KU Endowment was an “advance” made to Hilltop that would be repaid “through a lease structure.”

“KU/Hilltop is current on its lease obligations and payments to KU Endowment relative to the West Hilltop facility,” Barcomb-Peterson said via email last week. “The university and KU Endowment are discussing how the lease can be terminated.”

There’s another multi-million dollar question surrounding Hilltop: How did grant and contribution funding for the childcare center fall by approximately \$2.5 million in the last two years?

Hilltop reported nearly \$2.8 million in grants and contributions in 2024. In 2025, that number dropped to \$551,664. The unaudited financial statements for 2026 are less detailed, but list grant revenue at \$204,393. Had grant and contribution funding stayed near 2024 levels, Hilltop would have posted operating profits in each of the last two years.

KU officials, including

Hilltop’s board President Chari Young and KU Chancellor Doug Girod, have stated on multiple occasions that the decision to close Hilltop was based, in part, on a “comprehensive review” of Hilltop’s financial resources.

KU officials, however, had not publicly discussed the falling grant totals nor that the financial records showed more than \$1.4 million in remaining funds for the organization. Those figures were current as of the end of June, but KU officials did not provide more recent records showing how the organization’s finances have changed since then.

The \$1.4 million in funds may create questions about whether those dollars could have been used to help Hilltop through its financial struggles, or alternatively whether they can be used going forward to address childcare needs in the community.

The financial statements also may raise questions about the timing of Hilltop’s expansion onto West Campus, and why it didn’t produce greater financial results.

In 2023, Hilltop took on additional financial burden when it decided to develop Hilltop West. The expansion added 10 classrooms and had room for 138 students. Hilltop was approved for a \$2.5 million grant from the Kansas Children’s

Cabinet and Trust Fund to develop the project, while the rest was financed by the \$6 million loan it received from KU Endowment.

It currently is unclear whether the \$2.5 million grant from the Kansas Children’s Cabinet and Trust Fund creates any obligations that the West Campus building be used for childcare purposes in the future. Attempts by the Journal-World to reach a top official with the Kansas Children’s Cabinet and Trust Fund have not been successful.

Barcomb-Peterson in an email last week did not directly address any stipulations that may come from the Kansas Children’s Cabinet and Trust Fund grant, but did state that there is no agreement between KU and KU Endowment that the building must be used for childcare purposes.

“There are no stipulations in the agreement between Hilltop Child Development Center and KU Endowment regarding operations of the west campus location,” Barcomb-Peterson said.

KU Endowment had actively worked to bring Hilltop to the West Campus site to help aid the development of The Crossing, a larger KU Endowment project that is working to develop portions of West Campus into a mixed-use research, residential and retail development.

Bond

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Bundy’s group is proposing a district for the bonds that wraps around the city’s southern and western sides. The southern part of the development is called The 1059, and the western part is called Beacon Landing. From there, the district extends a bit to the east to take in the Costco store. If that district were to win approval, it would divert most of the sales tax revenue generated by the store.

Staff is asking city commissioners whether it should keep evaluating the plan that includes Costco. If commissioners say yes, they’ll also be asked to set a public hearing for Nov. 17 about establishing the STAR bond district. If they say no, staff could still work with the developer on other approaches to the project.

Bundy’s group has said that the purpose of having Costco in the district is to provide the initial sales tax revenue to help sell the bonds. Earlier this year, when the district was proposed, the developers had said it would be much harder to do the project without Costco in the district.

And now, city staff

says the developers will need Costco in the STAR bond district to continue the project as currently envisioned.

“The developer has indicated that Costco-generated revenues are necessary for its current STAR bond financing structure and has requested that the City continue consideration of the proposal with Costco included,” staff’s report to the commission says.

The city’s municipal adviser, Columbia Capital Management, has been reviewing the developers’ application, and its estimate of the STAR bond proceeds is smaller than what Bundy’s group is estimating. Columbia’s preliminary estimate is about \$144 million, while the developers had estimated about \$182 million.

Whatever the proceeds end up being, a district with Costco could have big implications for the city’s budget in the near term.

As we’ve reported, the Costco store or some other major retail development like it has been envisioned in west Lawrence since the city invested millions in public funds in Rock Chalk Park in the 2010s. The idea was that the sports complex and recreation center would draw retailers to the area, and that these would generate sales tax revenue for the city in turn.

City leaders have said they expect the new Costco will play an important role in Lawrence’s finances. Back when Bundy’s group released its plans for the STAR bond district, the City Commission had questions about Costco’s inclusion, and Vice Mayor Mike Courtney said that the city government’s “execution phase” would depend on the store’s success.

We’ve also reported that Lawrence has been lagging behind the state’s other major retail markets lately in sales tax collections. In the most recent sales tax numbers, from September, Lawrence was down 0.7% in its year-to-date collections compared to the same time in 2025. The city had projected that sales taxes would grow instead, by 1.6%.

On the other hand, there are reasons the city might want the district with Costco to move ahead. It would mean that millions of dollars a year that would otherwise go to the state would instead go toward these projects in the community.

While the STAR bond proceeds can’t be used for housing, a lot of housing is included in the plans for Beacon Landing. The development would include hundreds of millions of dollars worth of single-family and multi-family housing, and the

STAR bonds could be used for infrastructure that would support both the housing and the tourism components.

The developers have also said that they intend to make Lawrence a destination for major sporting events, especially in cycling. The plans for Beacon Landing include a multisport arena with a velodrome track designed for competitive bicycle races. The 1059, meanwhile, would have six outdoor turf fields and one indoor one for the Sporting Kaw Valley youth soccer club, as well as convertible basketball/volleyball courts. Bundy’s group has said that these facilities could bring more youth sports tournaments to the community.

One new element in the plans is a “flight training facility,” which is mentioned in the commission’s agenda packet. Bundy’s group has sent out communications about a “Centennial Flight Center” that would provide training for pilots and aviation maintenance workers. It would be a partnership between the developers and The Ninety-Nines or International Organization of Women Pilots, and it would focus on training women who are beginning their careers in aviation.

The City Commission meets at 5 p.m. Tuesday at City Hall, 6 E. Sixth St.

NY TIMES CROSSWORD SOLUTION FOR OCT. 10

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