

**The Wichita Symphony Society**

Financial Statements  
and  
Independent Auditor's Report

June 30, 2022 and 2021



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Wichita Symphony Society  
Wichita, Kansas

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of The Wichita Symphony Society (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wichita Symphony Society as of June 30, 2022 and 2021, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Wichita Symphony Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wichita Symphony Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 about The Wichita Symphony Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wichita Symphony Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Regier Can E Mounal, CPA*

Wichita, Kansas  
November 14, 2022

**The Wichita Symphony Society**  
**Statements of Financial Position**  
**As of June 30, 2022 and 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,409,922	\$ 978,073
Prepaid expenses and other assets	75,283	49,571
Equipment, at cost, net of accumulated depreciation of \$64,707 and \$62,989 in 2022 and 2021, respectively	232,054	229,060
Music library, at cost	230,740	226,214
Investments	6,564,603	7,916,014
Total assets	\$ 8,512,602	\$ 9,398,932

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable	\$ 76,402	\$ 9,568
Deferred ticket sales	311,613	292,077
Deferred youth orchestra membership fees	13,430	6,268
Accrued benefits	13,513	14,688
PPP loan	48,952	64,149
Total liabilities	463,910	386,750
Net Assets		
Without donor restriction	3,422,289	4,419,442
With donor restriction	4,626,403	4,592,740
Total net assets	8,048,692	9,012,182
Total liabilities and net assets	\$ 8,512,602	\$ 9,398,932

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

**The Wichita Symphony Society**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	<b>2022</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, gains and other support</b>			
Concert ticket sales	\$ 394,964	\$ -	\$ 394,964
Program book advertising	7,050	-	7,050
Orchestra fees	32,000	-	32,000
Youth orchestra membership fees	77,466	-	77,466
Contributions to annual fund	335,521	-	335,521
Contributions to endowment fund	139,123	-	139,123
Private underwritings	218,500	45,163	263,663
Other contributions	17,321	-	17,321
Grants	714,491	-	714,491
Investment income	(1,176,959)	-	(1,176,959)
Contributions of nonfinancial assets	10,152	-	10,152
Miscellaneous	34,876	-	34,876
Satisfaction of restriction			
Private underwritings	11,500	(11,500)	-
Total revenues, gains and other support	816,005	33,663	849,668
<b>Expenses</b>			
Program	1,470,834	-	1,470,834
General and administrative	294,566	-	294,566
Fundraising	47,759	-	47,759
Total expenses	1,813,158	-	1,813,158
<b>Change in net assets</b>	(997,153)	33,663	(963,490)
<b>Net assets at beginning of year</b>	4,419,442	4,592,740	9,012,182
<b>Net assets at end of year</b>	<u>\$ 3,422,289</u>	<u>\$ 4,626,403</u>	<u>\$ 8,048,692</u>

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

**The Wichita Symphony Society**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	<b>2021</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, gains and other support</b>			
Concert ticket sales	\$ 41,408	\$ -	\$ 41,408
Orchestra fees	4,190	-	4,190
Youth orchestra membership fees	8,110	-	8,110
Contributions to annual fund	335,980	-	335,980
Contributions to endowment fund	21,366	400	21,766
Private underwritings	273,775	16,000	289,775
Other contributions	200,689	-	200,689
Grants	118,234	-	118,234
Investment income	1,909,052	-	1,909,052
Miscellaneous	20,745	-	20,745
Satisfaction of restriction			
Private underwritings	76,924	(76,924)	-
Total revenues, gains and other support	3,010,473	(60,524)	2,949,949
<b>Expenses</b>			
Program	580,236	-	580,236
General and administrative	200,682	-	200,682
Fundraising	34,864	-	34,864
Total expenses	815,782	-	815,782
<b>Change in net assets</b>	2,194,691	(60,524)	2,134,167
<b>Net assets at beginning of year</b>	2,224,751	4,653,264	6,878,015
<b>Net assets at end of year</b>	\$ 4,419,442	\$ 4,592,740	\$ 9,012,182

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

**The Wichita Symphony Society**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (963,490)	\$ 2,134,167
Adjustments to reconcile change in net assets to net cash provided used in operating activities		
Depreciation	1,718	1,180
Net unrealized and realized (gain)/loss on endowment investments	1,260,040	(1,842,463)
Forgiveness of Paycheck Protection Program loan	-	(38,854)
Change in assets and liabilities:		
Contribution receivable	-	18,000
Grant receivable	-	27,500
Prepaid expenses and other assets	(25,712)	11,145
Accounts payable	66,834	(13,063)
Deferred ticket sales	19,536	(41,310)
Deferred youth orchestra membership fees	7,162	3,605
Accrued benefits	(1,175)	(3,814)
Net cash provided by operating activities	364,913	256,093
<b>Cash flows from investing activities</b>		
Withdrawals from managed investments	314,540	307,590
Deposits to managed investments	(140,123)	(221,766)
Other net changes in managed investments	(83,046)	(64,788)
Purchase of music library	(4,526)	(1,452)
Purchase of equipment	(4,712)	-
Net cash provided by investing activities	82,133	19,584
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program loan	-	105,263
Repayment of Paycheck Protection Program loan	(15,197)	(2,260)
Proceeds from contributions and contributions receivable restricted for investment in endowment	-	(20,301)
Net cash provided by/(used in) financing activities	(15,197)	82,702
<b>Net increase in cash and cash equivalents</b>	431,849	358,379
<b>Cash and cash equivalents at beginning of year</b>	978,073	619,694
<b>Cash and cash equivalents at end of year</b>	\$ 1,409,922	\$ 978,073

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



**The Wichita Symphony Society**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	2022			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 840,615	\$ 98,049	\$ 31,134	\$ 969,798
Professional fees	225,855	123,629	-	349,484
Collaborative concert expense	63,225	-	-	63,225
Travel and entertainment	28,237	1,213	850	30,300
Printing and publications	4,484	-	3,540	8,024
Advertising and promotion	107,882	8,272	8,010	124,164
Processing fees	46,667	-	-	46,667
Concert facilities rental	32,327	-	-	32,327
Scenery	7,177	-	1,500	8,677
Rental and maintenance of music and equipment	36,745	8,941	-	45,686
Supplies	7,886	3,085	980	11,950
Telephone	7,506	3,087	980	11,573
Office rent	-	16,855	-	16,855
Dues and memberships	5,089	2,622	-	7,711
Insurance	12,350	12,350	-	24,700
Postage	2,434	1,644	765	4,843
Depreciation	-	1,718	-	1,718
Sales tax	26,772	-	-	26,772
Miscellaneous	15,583	13,101	-	28,684
	\$ 1,470,834	\$ 294,566	\$ 47,759	\$ 1,813,158

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

**The Wichita Symphony Society**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

	2021			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 343,854	\$ 95,112	\$ 30,238	\$ 469,204
Professional fees	145,013	41,937	-	186,950
Travel and entertainment	6,125	-	-	6,125
Printing and publications	-	-	295	295
Advertising and promotion	30,147	3,531	2,467	36,145
Processing fees	3,357	-	-	3,357
Concert facilities rental	3,964	-	-	3,964
Scenery	295	-	-	295
Rental and maintenance of music and equipment	21,904	10,124	-	32,028
Supplies	1,654	607	193	2,454
Telephone	7,545	3,113	990	11,648
Office rent	-	13,459	-	13,459
Dues and memberships	-	7,920	-	7,920
Insurance	13,674	13,674	-	27,348
Postage	791	533	681	2,005
Depreciation	-	1,180	-	1,180
Sales tax	620	-	-	620
Miscellaneous	1,293	9,492	-	10,785
	\$ 580,236	\$ 200,682	\$ 34,864	\$ 815,782

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

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**1. Summary of Significant Accounting Policies**

***Business activity***

The Wichita Symphony Society (Society) was incorporated in 1945. The Society is principally engaged in the performance of symphonic and orchestra productions and other educational activities for the citizens of Wichita, Kansas and surrounding areas.

***Basis of accounting***

The financial statements are prepared on the accrual basis, which recognizes all revenues as income when earned, and expenses as deductions from income when incurred.

***Change in accounting principles***

During 2022, the Society adopted Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The adoption of this ASU did not have a significant impact on the Society's statements. No changes were required to previously reported assets or revenues as a result of the adoption.

***Financial statement presentation***

For accounting and reporting purposes resources are classified into two net asset categories according to external (donor) restrictions. The categories are:

- Without donor restrictions - The part of the net assets that are not subject to donor-imposed stipulations, and include amounts designated for specific purposes by the Board of Directors.
- With donor restrictions - The part of the net assets resulting from contributions, grants, and other inflows of assets whose use is limited by donor imposed stipulations that either expire by the passage of time, can be fulfilled and removed by actions of the Society pursuant to those stipulations or whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society.

***Use of estimates***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**1. Summary of Significant Accounting Policies (Continued)**

***Cash equivalents***

The Society considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash held in a managed fund is classified as an investment.

***Contributions receivable***

Pledges for contributions are recorded at their net realizable value as receivables in the year made. The pledges consist of contributions to the annual fund, private underwritings and the endowment fund. The pledges for subsequent year's operations are considered donor restricted at June 30, 2022 and 2021. There were no contributions receivable as of June 30, 2022 and 2021.

***Equipment***

Acquisitions of equipment are capitalized at cost when purchased or at fair value at date of gift, when donated. Depreciation is provided using the straight-line method over estimated useful lives of three to ten years. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

***Investments and fair value measurements***

Investments are carried at their fair value. Investments are managed by outside managers under the direction and oversight of the Board of Directors. The Board of Directors determines the asset allocation formula and places limitation on the types of investments the manager may purchase.

Investment earnings (including realized and unrealized gains on investments, interest and dividends) are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the earnings or losses are restricted by the donor.

***Revenue and revenue recognition***

Contributions are recognized at fair value and are considered to be available for unrestricted use unless specifically restricted by the donor, or designated by the donor as support for future periods. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restriction.

The Society recognizes revenue from ticket sales in the applicable year of the performance. Ticket sales received in advance are deferred to the applicable year to which they relate. All other amounts paid in advance are deferred to the period in which the underlying event or activity takes place. Due to the nature and timing of the performance and/or transfer of services, substantially all contract liabilities at June 30 of each year are recognized in the following year.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**1. Summary of Significant Accounting Policies (Continued)**

***Nonfinancial contributions***

The Society receives nonfinancial contributions related to services provided. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Contributed services are valued at the estimated fair value in the financial statements based on current rates for similar services. Advertising and other services provided were valued at \$10,152 for the year ended June 30, 2022.

***Advertising and promotion***

The Society charges advertising costs to operations as incurred. Advertising and promotion expense for the years ended June 30, 2022 and 2021 was \$124,164 and \$36,145, respectively.

***Income taxes***

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Federal exemptions from income tax are recognized by state authorities. The Society adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Society may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. At June 30, 2022 and 2021, there were no unrecognized tax benefits identified or recorded as liabilities.

***Functional expense allocation***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include accounting fees, depreciation, dues and subscription, retirement, insurance, office supplies, payroll taxes, parking, postage, rent, salaries, and telephone which are allocated on the basis of estimates of time and effort.

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Society's year ending June 30, 2023

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**1. Summary of Significant Accounting Policies (Continued)**

***Recent Accounting Pronouncements (Continued)***

and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

**2. Investments**

The Society's investments consist of a managed investment portfolio and other investments. Investments are stated at fair value and consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Managed investment portfolio		
Money market funds	\$ 30,896	\$ 18,255
Equity investments	4,589,863	5,908,713
Fixed income investments	1,315,862	1,596,198
Alternative investments	627,982	392,848
Total	<u>\$ 6,564,603</u>	<u>\$ 7,916,014</u>

Investment income as reflected in the statement of activities includes investment income and losses from the above investments as well as interest income earned on money market accounts included on the statement of financial position as cash equivalents.

The following schedule summarizes investment income as reflected in the statement of activities:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 118,848	\$ 100,004
Net realized/unrealized gains	(1,260,040)	1,842,463
Expenses	(35,767)	(33,415)
	<u>\$ (1,176,959)</u>	<u>\$ 1,909,052</u>

Investments are associated with the following restrictions and designations at June 30:

	<u>2022</u>	<u>2021</u>
Endowment		
Without donor restriction	\$ 1,988,363	\$ 3,338,774
With donor restriction	4,576,240	4,577,240
Total	<u>\$ 6,564,603</u>	<u>\$ 7,916,014</u>

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**3. Fair Value of Investments**

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards also specify a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

<b>Level 1</b>	Quoted prices in active markets for identical assets or liabilities.
<b>Level 2</b>	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
<b>Level 3</b>	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2022</b>			
Managed investment portfolio			
Money market funds	\$ 30,896	\$ -	\$ -
Equity investments	4,589,863	-	-
Fixed income investments	1,315,862	-	-
Alternative investments	627,982	-	-
	<u>\$ 6,564,603</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2021</b>			
Managed investment portfolio			
Money market funds	\$ 18,255	\$ -	\$ -
Equity investments	5,908,713	-	-
Fixed income investments	1,596,198	-	-
Alternative investments	392,848	-	-
	<u>\$ 7,916,014</u>	<u>\$ -</u>	<u>\$ -</u>

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**4. Deferred Revenue**

The following table provides information about significant changes in the deferred revenue for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 298,345	\$ 336,050
Revenue recognized that was included in deferred revenue at the beginning of year		
Ticket sales	(198,621)	(69,647)
Youth orchestra fees	(6,268)	-
Increase in deferred revenue due to cash received during the period		
Ticket sales	218,157	28,337
Youth orchestra fees	<u>13,430</u>	<u>3,605</u>
Total deferred revenue	<u>\$ 325,043</u>	<u>\$ 298,345</u>

**5. Net Assets**

Net assets with donor restrictions are available for the following periods or purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Designated expenses for the next fiscal year (private underwritings)	\$ 50,163	\$ 16,000
Designated fund for piano maintenance	36,665	36,665
Designated scholarships for the next fiscal year	<u>1,520</u>	<u>2,020</u>
Total timing and purpose restrictions	<u>88,348</u>	<u>54,685</u>
Perpetual in Nature:		
General activities of the Society	3,955,445	3,955,445
Restricted for endowment fund	500,000	500,000
Guest artist fees or orchestra salaries	42,945	42,945
Free concert	25,000	25,000
Educational activities	<u>14,665</u>	<u>14,665</u>
Total perpetual restrictions	<u>4,538,055</u>	<u>4,538,055</u>
Total net assets with donor restrictions	<u>\$ 4,626,403</u>	<u>\$ 4,592,740</u>



**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**6. Endowment Fund**

The Society established an endowment fund to assist in the management of permanently restricted net assets, and to provide an opportunity to internally designate funds to provide for long term benefit of the Society. The Society's governing body has interpreted the State of Kansas Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 Organization 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 and (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 donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Society and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Society; and
- The investment policy of the Society.

The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to operating activities supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Society's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Society targets a diversified asset allocation that places an emphasis on equity and fixed income funds to achieve its long-term return objectives within prudent risk parameters. Withdrawals from the endowment fund to support operating activities are based upon the discretion of the Board of Directors.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**6. Endowment Fund (Continued)**

Changes in the endowment fund for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 1,535,347	\$ 4,556,939	\$ 6,092,286
Contributions	1,465	20,301	21,766
Other deposits	200,000	-	200,000
Investment income	1,909,052	-	1,909,052
Amounts appropriated for expenditure	<u>(307,090)</u>	<u>-</u>	<u>(307,090)</u>
Endowment net assets, June 30, 2021	3,338,774	4,577,240	7,916,014
Contributions	8,710	-	8,710
Other deposits	131,413	-	131,413
Investment income	(1,176,994)	-	(1,176,994)
Amounts appropriated for expenditure	<u>(313,540)</u>	<u>(1,000)</u>	<u>(314,540)</u>
Endowment net assets, June 30, 2022	<u>\$ 1,988,363</u>	<u>\$ 4,576,240</u>	<u>\$ 6,564,603</u>

**7. Leases**

The Society rents office and storage space under an operating lease. The initial term of the lease agreement is for five years. Upon the completion of each year, an additional one year will be automatically added to the Agreement resulting in a “running” five year agreement, unless either of the parties notifies the other to the contrary. Total expense for rental of office and storage space for the years ended June 30, 2022 and 2021 was \$16,855 and \$13,459, respectively.

Future minimum lease payments associated with this operating lease over the next five years are as follows:

<u>Year Ending June 30</u>	<u>Office Space</u>	<u>Storage Space</u>	<u>Total</u>
2023	\$ 14,163	\$ 1,600	\$ 15,763
2024	14,678	1,600	16,278
2025	15,193	1,600	16,793
2026	15,708	1,600	17,308
2027	<u>16,223</u>	<u>1,600</u>	<u>17,823</u>
	<u>\$ 75,963</u>	<u>\$ 8,000</u>	<u>\$ 83,963</u>

This same agreement also provides for the rental of performance space and ancillary facilities on an event by event basis. Total expense for rental of performance space and ancillary facilities for the years ended June 30, 2022 and 2021 was \$32,327 and \$3,964, respectively.

**The Wichita Symphony Society**  
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**7. Leases (Continued)**

The Society rents equipment under an operating lease from several providers. Communication equipment, mail processing machine and copier are all leased for a term of five years with various start dates. The monthly lease payments for the equipment are as follows: communication equipment \$693, mail processing machine \$151, copier \$503. Total expense for equipment for the years ended June 30, 2022 and 2021 was \$16,252 and \$16,252, respectively.

Future minimum lease payments associated with these equipment related operating leases over the next five years are as follows:

Year Ending June 30	Communication		
	Equipment	Copier	Total
2023	\$ 8,316	\$ 6,033	\$ 14,349
2024	8,316	6,033	14,349
2025	8,316	-	8,316
	\$ 24,948	\$ 12,066	\$ 37,014

**8. Concentration of Credit Risk**

The Society maintains its cash balances at various financial institutions located in Wichita, Kansas, which on occasion, may exceed the federally insured limits of \$250,000. Management continues to monitor the accounts to minimize the risk of loss.

**The Wichita Symphony Society**  
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**9. Financial Assets and Liquidity Resources**

The following schedule reflects the Society’s financial assets available for general expenditure as of June 30, 2022 and 2021, reduced by amounts that are not available for general use due to donor-imposed and board designated restrictions within one year of the statement of financial position date:

	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,409,922	\$ 978,073
Investments	6,564,603	7,916,014
	7,974,525	8,894,087
<b>Less those unavailable for general expenditures within one year, due to:</b>		
Restricted by donor with purpose restrictions		
Private underwritings	50,163	16,000
Piano maintenance	36,665	36,665
Scholarships for the next fiscal year	1,520	2,020
Restricted by donor for investment in perpetuity	4,538,055	4,538,055
	4,626,403	4,592,740
<b>Total financial assets available to meet cash needs for general purpose expenditures within one year</b>	<b>\$ 3,348,122</b>	<b>\$ 4,301,347</b>

As part of the Society’s liquidity plan, the financial assets are structured to be available as general expenditures, liabilities, and other obligations become due. Cash in excess of daily requirements is invested in savings.

**10. COVID-19**

*Employee Retention Credit (ERC)*

On March 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which among other things, contains provisions for an employee retention credit. The ERC allows for a refundable tax credit against certain employment taxes equal to 50% of the first ten thousand dollars in qualified wages paid to each employee commencing on March 13, 2020 and through January 1, 2021. To be eligible, the Company must have had operations fully or partially suspended because of a shut-down order from a governmental authority related to the COVID-19 pandemic, or have had gross receipts decline by more than 50% in a calendar quarter, when compared to the same quarter in 2019. Qualified wages are limited to wages paid to employees who were not providing services due to the COVID-19 pandemic. During the year ended June 30, 2021, the Society recognized \$87,294 related to the ERC in grant income on the statement of activities.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**10. COVID-19 (Continued)**

*Paycheck Protection Program*

On August 10, 2020, the Society qualified for and received a second loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$105,263 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Society's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Society. The Society intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. Accordingly, the Society considers the PPP funds a conditional contribution in accordance FASB ASC 958-605. Revenue is recognized as conditions are met by incurring the covered costs.

The Society applied for forgiveness of the PPP Loan with respect to covered expenses and was granted forgiveness of \$38,854 on April 19, 2021. Accordingly \$38,854 has been recognized as revenue in the statement of activities for the year ended June 30, 2021. The unpaid loan balance presented on the statement of financial position as of June 30, 2022 and 2021 was \$48,952 and \$64,149 respectively.

The annual maturity of the loan is summarized as follows as of June 30, 2022:

2023	\$ 15,349
2024	15,503
2025	18,100
	<u>\$ 48,952</u>

*Shuttered Venue Operators Grant*

In July and November of 2021, the Society qualified for and received the Shuttered Venue Operators Grant (SVOG) for \$415,071 and \$243,486, respectively. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The total received was appropriately used for allowable costs and recognized on the statement of activities for the year ended June 30, 2022.

**11. Subsequent Events**

Subsequent events were evaluated by management through November 14, 2022, which is the date the financial statements were available to be issued.

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<b>EL DORADO</b>	117 W. CENTRAL AVE.	EL DORADO, KS 67042-2105	316-321-1150
<b>TUCSON</b>	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
<b>TULSA</b>	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-271-5400
<b>WAGONER</b>	509 S. MCQUARRIE AVE.	WAGONER, OK 74467-6223	918-485-5531
<b>WICHITA</b>	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2994	316-264-2335