

The Wichita Symphony Society

Financial Statements
and
Independent Auditor's Report

June 30, 2023 and 2022



The Wichita Symphony Society

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Responsibilities of Management 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, and 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.

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 Responsibilities for the Audit of the Financial Statements

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 13, 2023

The Wichita Symphony Society
Statements of Financial Position
As of June 30, 2023 and 2022

ASSETS

	2023	2022
Cash and cash equivalents	\$ 1,140,611	\$1,409,922
Prepaid expenses and other assets	64,930	75,283
Equipment, at cost, net of accumulated depreciation of \$59,779 and \$64,707 in 2023 and 2022, respectively	231,575	232,054
Operating lease right-of-use asset	84,916	-
Music library, at cost	233,236	230,740
Investments	8,151,210	6,564,603
Total assets	\$ 9,906,478	\$8,512,602

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 63,085	\$ 76,402
Deferred ticket sales	315,066	311,613
Deferred youth orchestra membership fees	19,406	13,430
Accrued benefits	20,763	13,513
Operating lease liability	84,916	-
PPP loan	33,603	48,952
Total liabilities	536,839	463,910
Net Assets		
Without donor restriction	3,651,388	3,422,289
With donor restriction	5,718,251	4,626,403
Total net assets	9,369,639	8,048,692
Total liabilities and net assets	\$ 9,906,478	\$8,512,602

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

The Wichita Symphony Society
Statement of Activities
For the Year Ended June 30, 2023

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
Concert ticket sales	\$ 796,810	\$ -	\$ 796,810
Program book advertising	900	-	900
Youth orchestra membership fees	76,177	-	76,177
Contributions to annual fund	243,248	-	243,248
Contributions to endowment fund	71,327	1,099,511	1,170,838
Private underwritings	480,078	43,000	523,078
Other contributions	99,682	-	99,682
Grants	70,100	-	70,100
Investment income	760,187	-	760,187
Contributions of nonfinancial assets	765	-	765
Miscellaneous	27,274	-	27,274
Satisfaction of restriction			
Scholarships	500	(500)	-
Private underwritings	50,163	(50,163)	-
Total revenues, gains and other support	2,677,211	1,091,848	3,769,059
Expenses			
Program	2,103,063	-	2,103,063
General and administrative	287,926	-	287,926
Fundraising	57,123	-	57,123
Total expenses	2,448,112	-	2,448,112
Change in net assets	229,099	1,091,848	1,320,947
Net assets at beginning of year	3,422,289	4,626,403	8,048,692
Net assets at end of year	<u>\$3,651,388</u>	<u>\$5,718,251</u>	<u>\$9,369,639</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, 2022

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
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 (loss)	(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
Expenses			
Program	1,470,833	-	1,470,833
General and administrative	294,566	-	294,566
Fundraising	47,759	-	47,759
Total expenses	1,813,158	-	1,813,158
Change in net assets	(997,153)	33,663	(963,490)
Net assets at beginning of year	4,419,442	4,592,740	9,012,182
Net assets at end of year	<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
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 1,320,947	\$ (963,490)
Adjustments to reconcile change in net assets to net cash provided used in operating activities		
Depreciation	1,876	1,718
Right of use assets - amortization	25,976	-
Net unrealized and realized (gain)/loss on endowment investments	(631,820)	1,260,040
Contributions permanently restricted for endowment	(1,099,511)	-
Change in assets and liabilities:		
Prepaid expenses and other assets	10,353	(25,712)
Accounts payable	(13,317)	66,834
Deferred ticket sales	3,453	19,536
Deferred youth orchestra membership fees	5,976	7,162
Accrued benefits	7,250	(1,175)
Operating lease liability	(25,976)	-
Net cash provided by operating activities	(368,817)	364,913
Cash flows from investing activities		
Withdrawals from managed investments	344,418	314,540
Deposits to managed investments	(1,170,838)	(140,123)
Other net changes in managed investments	(128,367)	(83,046)
Purchase of music library	(2,496)	(4,526)
Purchase of equipment	(1,397)	(4,712)
Net cash provided (used) by investing activities	(958,680)	82,133
Cash flows from financing activities		
Repayment of Paycheck Protection Program loan	(15,349)	(15,197)
Proceeds from contributions and contributions receivable restricted for investment in endowment	1,099,511	-
Net cash provided (used) in financing activities	1,084,162	(15,197)
Net increase (decrease) in cash and cash equivalents	(243,335)	431,849
Cash and cash equivalents at beginning of year	1,409,922	978,073
Cash and cash equivalents at end of year	\$ 1,166,587	\$ 1,409,922

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, 2023

	2023			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 1,062,738	\$ 100,337	\$ 32,252	\$ 1,195,327
Professional fees	346,496	109,926	-	456,422
Collaborative concert expense	49,744	-	-	49,744
Travel and entertainment	82,217	1,230	-	83,447
Printing and publications	6,676	-	14,383	21,059
Advertising and promotion	243,555	3,352	2,426	249,333
Processing fees	67,473	-	-	67,473
Concert facilities rental	46,799	-	-	46,799
Scenery	2,104	-	-	2,104
Rental and maintenance of music and equipment	70,606	10,123	-	80,729
Supplies	5,476	2,176	699	8,351
Telephone	7,256	3,005	966	11,227
Office rent	-	20,233	-	20,233
Dues and memberships	4,645	3,886	-	8,531
Insurance	17,474	17,474	-	34,948
Postage	5,843	1,115	139	7,097
Depreciation	-	1,876	-	1,876
Sales tax	59,343	-	-	59,343
Miscellaneous	12,896	13,193	-	26,089
Special event	11,722	-	6,258	17,980
	\$ 2,103,063	\$ 287,926	\$ 57,123	\$ 2,448,112

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	11,951
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	15,582	13,101	-	28,683
	\$ 1,470,833	\$ 294,566	\$ 47,759	\$ 1,813,158

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

The Wichita Symphony Society
Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Business activity

The Wichita Symphony Society (Society), a not-for-profit entity, 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 principle

Effective July 1, 2022, the Society adopted ASU No. 2016-02, *Leases (Topic 842)* and has elected to apply the changes retrospectively at the beginning of the period of adoption. 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 are required to be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Previously, leases were classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. The Society has elected to adopt the package of practical expedients in relation to its contracts and leases existing at the transition date and has also elected the short-term lease exemption.

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, 2023 and 2022

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, 2023 and 2022. There were no contributions receivable as of June 30, 2023 and 2022.

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, 2023 and 2022

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. The Society did not monetize (sell) any of the contributions received, and unless otherwise noted, the contributions did not have donor restrictions (see Note 8). Advertising and other services provided were valued at \$765 and \$10,152 for the year ended June 30, 2023 and 2022, respectively.

Advertising and promotion

The Society charges advertising costs to operations as incurred. Advertising and promotion expense for the years ended June 30, 2023 and 2022 was \$249,333 and \$124,164, 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, 2023 and 2022, 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.

The Wichita Symphony Society
Notes to Financial Statements
June 30, 2023 and 2022

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>2023</u>	<u>2022</u>
Managed investment portfolio		
Money market funds	\$ 433,023	\$ 30,896
Equity investments	5,273,211	4,589,863
Fixed income investments	2,044,113	1,315,862
Alternative investments	400,863	627,982
Total	<u>\$ 8,151,210</u>	<u>\$ 6,564,603</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>2023</u>	<u>2022</u>
Interest and dividend income	\$ 162,053	\$ 118,848
Net realized/unrealized gains	631,820	(1,260,040)
Expenses	(33,686)	(35,767)
	<u>\$ 760,187</u>	<u>\$ (1,176,959)</u>

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

	<u>2023</u>	<u>2022</u>
Endowment		
Without donor restriction	\$ 2,475,460	\$ 1,988,363
With donor restriction	5,675,750	4,576,240
Total	<u>\$ 8,151,210</u>	<u>\$ 6,564,603</u>

The Wichita Symphony Society
Notes to Financial Statements
June 30, 2023 and 2022

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:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** 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.
- Level 3** 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, 2023 and 2022, respectively:

	Level 1	Level 2	Level 3
June 30, 2023			
Managed investment portfolio			
Money market funds	\$ 433,023	\$ -	\$ -
Equity investments	5,273,211	-	-
Fixed income investments	2,044,113	-	-
Alternative investments	400,863	-	-
	\$8,151,210	\$ -	\$ -
	Level 1	Level 2	Level 3
June 30, 2022			
Managed investment portfolio			
Money market funds	\$ 30,896	\$ -	\$ -
Equity investments	4,589,863	-	-
Fixed income investments	1,315,862	-	-
Alternative investments	627,982	-	-
	\$6,564,603	\$ -	\$ -

The Wichita Symphony Society
Notes to Financial Statements
June 30, 2023 and 2022

4. Deferred Revenue

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

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 325,043	\$298,345
Revenue recognized that was included in deferred revenue at the beginning of year		
Ticket sales	(237,211)	(198,621)
Youth orchestra fees	(13,430)	(6,268)
Increase in deferred revenue due to cash received during the period		
Ticket sales	240,664	218,157
Youth orchestra fees	19,406	13,430
	<u> </u>	<u> </u>
Total deferred revenue	<u>\$ 334,472</u>	<u>\$325,043</u>

5. Net Assets

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

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Designated expenses for the next fiscal year (private underwritings)	\$ 43,000	\$ 50,163
Designated fund for piano maintenance	36,665	36,665
Designated scholarships for the next fiscal year	1,020	1,520
Total timing and purpose restrictions	<u>80,685</u>	<u>88,348</u>
Perpetual in Nature:		
General activities of the Society	3,955,445	3,955,445
Restricted for endowment fund	1,599,511	500,000
Guest artist fees or orchestra salaries	42,945	42,945
Free concert	25,000	25,000
Educational activities	14,665	14,665
Total perpetual restrictions	<u>5,637,566</u>	<u>4,538,055</u>
Total net assets with donor restrictions	<u>\$5,718,251</u>	<u>\$4,626,403</u>

The Wichita Symphony Society
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022

6. Endowment Fund (Continued)

Changes in the endowment fund for the years ended June 30, 2023 and 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
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	(313,540)	(1,000)	(314,540)
Endowment net assets, June 30, 2022	1,988,363	4,576,240	6,564,603
Contributions	-	1,099,511	1,099,511
Other deposits	71,327	-	71,327
Investment income	760,187	-	760,187
Amounts appropriated for expenditure	(343,918)	(500)	(344,418)
Endowment net assets, June 30, 2023	<u>\$ 2,475,959</u>	<u>\$ 5,675,251</u>	<u>\$ 8,151,210</u>

7. Leases

After Implementation of ASU No. 2016-02, Leases (Topic 842)

The Society leases certain office and storage space under a long-term non-cancelable operating lease agreement. During the year, the lease was amended to extend the maturity to December 31, 2026. The Society also rents equipment from several providers. Communication equipment, mail processing machine and a copier are all leased for a term of five years with various start dates. The Society includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Society has elected to apply the new standard retrospectively at the beginning of the period of adoption, July 1, 2022, rather than to all comparative periods presented.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Society has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Society has applied the risk-free rate option to the office and storage space classes of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. As of June 30, 2023, the Society had no short term leases.

The Wichita Symphony Society
Notes to Financial Statements
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7. Leases (Continued)

The Society has elected the package of practical expedients related to contracts and leases at the date of adoption which allows the Society not to reassess whether any expired or existing contracts are or contain leases, lease classification for expired or existing leases, and initial direct costs for any existing leases.

The following summarizes lease assets and lease liabilities recognized at June 30, 2023:

Lease Assets - Classification in Statement of Financial Position	
Operating lease right-of-use asset	\$ 84,916
Lease Liabilities - Classification in Statement of Financial Position	
Operating lease liability	\$ 84,916

Total lease costs for the year ended June 30, 2023 are as follows:

Operating lease cost	
Office and storage space	\$ 20,233
Performance space and ancillary facilities	46,799
Equipment	14,349
	<u>\$ 81,381</u>

The following table summarized the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 81,381
Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	\$ 107,357

The following summarized the weighted-average remaining lease term and weighted-average discount rate used for the year ended June 30, 2023:

Weighted-average remaining lease term in years:	
Operating leases	2.6
Weighted-average discount rate:	
Operating leases	4.13%

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7. Leases (Continued)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2022:

Year Ending June 30	
2024	\$ 32,367
2025	24,639
2026	20,608
2027	11,620
2028	465
	89,699
Less present value discount	(4,783)
	\$ 84,916

Prior to ASU No. 2016-02, Leases (Topic 842)

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 year ended June 30, 2022 was \$16,855.

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 year ended June 30, 2022 was \$32,327.

The Society also 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 year ended June 30, 2023 was \$16,252.

Future minimum lease payments associated with this operating lease over the next five years were as follows at June 30, 2022:

Year Ending June 30	
2023	\$ 30,112
2024	30,627
2025	31,142
2026	25,624
2027	17,823
	\$ 135,328

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8. Contributions of nonfinancial assets

The following is a summary of the Society’s non-financial support, as shown on the statement of activities for the years ended June 30:

	2023	2022
Advertising	\$ 765	\$ 9,180
Donated services	-	972
	\$ 765	\$ 10,152

Advertising generally includes advertisement for their upcoming performances. Advertising is provided by donors to help the costs of these goods that would otherwise have been purchased. Advertising is used in program services and is recognized at fair value based on current prices of similar advertisements.

Donated services consists of services that are received by individuals possessing specialized skills. These services would have otherwise needed to be purchased if not provided by the donor.

All donated goods and services for the years ended June 30, 2023 and 2022 were considered unrestricted and utilized during the year for program-related events held by the Society.

9. 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.

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10. Financial Assets and Liquidity Resources

The following schedule reflects the Society's financial assets available for general expenditure as of June 30, 2023 and 2022, 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:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 1,140,611	\$ 1,409,922
Investments	8,151,210	6,564,603
	9,291,821	7,974,525
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions		
Private underwritings	43,000	50,163
Piano maintenance	36,665	36,665
Scholarships for the next fiscal year	1,020	1,520
Restricted by donor for investment in perpetuity	5,637,566	4,538,055
	5,718,251	4,626,403
Total financial assets available to meet cash needs for general purpose expenditures within one year	\$ 3,573,570	\$ 3,348,122

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.

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11. COVID-19

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 applied for forgiveness of the PPP Loan with respect to covered expenses and was granted forgiveness of \$38,854 on April 19, 2021. The unpaid loan balance presented on the statement of financial position as of June 30, 2023 and 2022 was \$33,603 and \$48,952 respectively.

The annual maturity of the loan is summarized as follows as of June 30, 2023:

2024	\$ 15,503
2025	18,100
	<u>\$ 33,603</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.

12. Subsequent Events

Subsequent events were evaluated by management through November 13, 2023, which is the date the financial statements were available to be issued.

EL DORADO	117 W. CENTRAL AVE	EL DORADO, KS 67042-0847	316-321-1150
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
TULSA	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-494-8700
WAGONER	509 S. MCQUARRIE AVE	WAGONER, OK 74467-6223	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335