

**The Wichita Symphony Society**

Financial Statements  
and  
Independent Auditor's Report

June 30, 2019 and 2018



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Wichita Symphony Society

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, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wichita Symphony Society as of June 30, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, The Wichita Symphony Society, adopted new accounting guidance related to not-for-profit financial statement presentation, Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

*Regier Can E Mowal, CPA*

Wichita, Kansas  
November 18, 2019

**The Wichita Symphony Society**  
**Statements of Financial Position**  
**As of June 30, 2019 and 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 443,468	\$ 461,628
Contributions receivable	18,000	18,000
Prepaid expenses and other assets	76,952	74,160
Equipment, at cost, net of accumulated depreciation of \$65,525 and \$68,382 in 2019 and 2018, respectively	230,124	231,049
Music library, at cost	224,418	219,997
Investments	6,296,959	6,075,493
Total assets	\$ 7,289,921	\$ 7,080,327

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable	\$ 17,159	\$ 10,939
Deferred ticket sales	337,587	351,960
Deferred advertisement revenue	34,300	19,882
Deferred youth orchestra membership fees	19,680	24,045
Accrued benefits	16,588	15,777
Total liabilities	425,314	422,603
Net Assets		
Without donor restriction	2,307,568	2,065,972
With donor restriction	4,557,039	4,591,752
Total net assets	6,864,607	6,657,724
Total liabilities and net assets	\$ 7,289,921	\$ 7,080,327

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

**The Wichita Symphony Society**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<b>2019</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, gains and other support</b>			
Concert ticket sales	\$ 996,549	\$ -	\$ 996,549
Program book advertising	58,292	-	58,292
Orchestra fees	35,000	-	35,000
Youth orchestra membership fees	88,268	-	88,268
Contributions to annual fund	305,549	-	305,549
Contributions to endowment fund	5,368	400	5,768
Private underwritings	473,346	-	473,346
Other contributions	100,205	-	100,205
Grants	67,447	-	67,447
Investment income	452,909	-	452,909
Miscellaneous	40,460	-	40,460
Satisfaction of restriction			
Private underwritings	35,113	(35,113)	-
Total revenues, gains and other support	2,658,506	(34,713)	2,623,793
<b>Expenses</b>			
Program	2,102,965	-	2,102,965
General and administrative	218,184	-	218,184
Fundraising	95,761	-	95,761
Total expenses	2,416,910	-	2,416,910
<b>Change in net assets</b>	241,596	(34,713)	206,883
<b>Net assets at beginning of year</b>	2,065,972	4,591,752	6,657,724
<b>Net assets at end of year</b>	<u>\$2,307,568</u>	<u>\$4,557,039</u>	<u>\$6,864,607</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, 2018**

	<b>2018</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, gains and other support</b>			
Concert ticket sales	\$ 919,567	\$ -	\$ 919,567
Ticket processing fees	30,565	-	30,565
Program book advertising	67,347	-	67,347
Orchestra fees	34,000	-	34,000
Youth orchestra membership fees	67,274	-	67,274
Contributions to annual fund	236,591	-	236,591
Contributions to endowment fund	22,272	400	22,672
Private underwritings	362,949	32,500	395,449
Other contributions	9,279	200,826	210,105
Grants	65,571	-	65,571
Investment income	416,390	-	416,390
Miscellaneous	15,764	-	15,764
Satisfaction of restriction			
Private underwritings	162,548	(162,548)	-
Total revenues, gains and other support	2,410,117	71,178	2,481,295
<b>Expenses</b>			
Program	1,891,644	-	1,891,644
General and administrative	214,191	-	214,191
Fundraising	89,921	-	89,921
Total expenses	2,195,756	-	2,195,756
<b>Change in net assets</b>	214,361	71,178	285,539
<b>Net assets at beginning of year</b>	1,851,611	4,520,574	6,372,185
<b>Net assets at end of year</b>	<u>\$ 2,065,972</u>	<u>\$ 4,591,752</u>	<u>\$ 6,657,724</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, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 206,883	\$ 285,539
Adjustments to reconcile change in net assets to net cash provided used in operating activities		
Depreciation	925	1,236
Net unrealized and realized (gain)/loss on endowment investments	(348,251)	(323,778)
Change in assets and liabilities:		
Prepaid expenses and other assets	(2,792)	(18,609)
Deferred ticket sales	(14,373)	8,946
Deferred advertising revenue	14,418	(10,015)
Accounts payable	6,220	9,534
Accrued benefits	811	1,656
Deferred membership fees	(4,365)	(8,615)
Net cash used in operating activities	(140,524)	(54,106)
<b>Cash flows from investing activities</b>		
Withdrawals from managed investments	273,876	358,497
Deposits to managed investments	(5,768)	(22,672)
Other net changes in managed investments	(141,323)	(92,612)
Purchase of music library	(4,421)	(5,487)
Purchase of equipment	-	(160,253)
Net cash provided by investing activities	122,364	77,473
<b>Net increase (decrease) in cash and cash equivalents</b>	(18,160)	23,367
<b>Cash and cash equivalents at beginning of year</b>	461,628	438,261
<b>Cash and cash equivalents at end of year</b>	\$ 443,468	\$ 461,628

*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, 2019**

	2019			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 1,044,129	\$ 87,641	\$ 26,492	\$ 1,158,263
Professional fees	356,050	63,150	-	419,200
Travel and entertainment	105,749	-	-	105,749
Printing and publications	6,707	-	41,027	47,734
Advertising and promotion	231,807	4,375	25,040	261,222
Processing fees	77,483	-	-	77,483
Concert facilities rental	52,013	-	-	52,013
Scenery	4,287	-	-	4,287
Rental and maintenance of music and equipment	89,876	9,638	-	99,514
Supplies	8,475	3,620	1,094	13,189
Telephone	6,455	2,900	877	10,232
Office rent	-	15,680	-	15,680
Dues and memberships	-	7,217	-	7,217
Insurance	13,662	13,662	-	27,323
Postage	6,418	3,759	1,231	11,408
Depreciation	-	925	-	925
Sales tax	71,033	-	-	71,033
Naftzger fine arts auditions	12,616	-	-	12,616
Miscellaneous	16,205	5,617	-	21,822
	\$ 2,102,965	\$ 218,184	\$ 95,761	\$ 2,416,910

*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, 2018**

	<b>2018</b>			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 1,023,692	\$ 70,308	\$ 22,176	\$ 1,116,177
Professional fees	280,589	65,382	-	345,971
Travel and entertainment	75,236	-	-	75,236
Printing and publications	10,165	-	43,262	53,427
Advertising and promotion	188,637	8,956	20,617	218,210
Processing fees	68,256	-	-	68,256
Concert facilities rental	47,346	-	-	47,346
Scenery	6,942	-	-	6,942
Rental and maintenance of music and equipment	74,608	10,006	-	84,614
Supplies	6,084	2,006	633	8,722
Telephone	6,418	2,157	680	9,255
Office rent	-	16,225	-	16,225
Dues and memberships	-	14,572	-	14,572
Insurance	11,909	11,909	-	23,817
Postage	6,055	4,033	669	10,756
Depreciation	-	1,236	-	1,236
Sales tax	66,561	-	-	66,561
Special event	-	-	1,884	1,884
Naftzger fine arts auditions	7,304	-	-	7,304
Miscellaneous	11,843	7,402	-	19,245
	\$ 1,891,644	\$ 214,191	\$ 89,921	\$ 2,195,756

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

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**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:***

The Society has implemented amendments contained in ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the presentation of the financial statements and notes for not-for-profit entities. The main provisions of this guidance include: presentation of two classes of net assets; presentation of expenses by both natural and functional allocations; and the recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with and without donor restrictions, liquidity, cost allocation methods and underwater endowments. The Society adopted the amendments for the fiscal year beginning July 1, 2018. Upon Adoption, the ASU requires the amendments to be applied on a retrospective basis. Accordingly, 2018 has been restated to apply the amendments of ASU No. 2016-14.

***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, 2019 and 2018**

**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, 2019 and 2018.

***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.

***Deferred ticket sales***

Deferred ticket sales represent receipts applicable to subsequent years' operations and will be recognized as revenue in the applicable year.

***Contributions***

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.

***Advertising and Promotion***

The Society charges advertising costs to operations as incurred. Advertising and promotion expense for the years ended June 30, 2019 and 2018 was \$261,222 and \$218,210, respectively.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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

***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, 2019 and 2018, 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***

- ***Revenue Recognition***

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), that will supersede the current revenue recognition requirements. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Society's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Society has not yet determined which application method it will use or the potential effects on the new standard on the financial statements, if any.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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

- *Leases*

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, 2021 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. Contributions Receivable**

Contributions receivable are as follows at June 30:

	<b>2019</b>	<b>2018</b>
Due in less than one year	\$ 18,000	\$ 18,000

No discounts for pledges receivable or allowances for uncollectible pledges were considered necessary at June 30, 2019 and 2018, respectively.

**3. 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:

	<b>2019</b>	<b>2018</b>
Managed investment portfolio		
Money market funds	\$ 31,079	\$ 44,935
Equity investments	4,417,990	4,090,395
Fixed income investments	1,540,263	1,787,598
Alternative investments	307,627	152,565
Total	\$6,296,959	\$6,075,493

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 Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**3. Investments (Continued)**

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

	<b>2019</b>		
	Cash		
	Investments	Equivalents	Total
Interest and dividend income	\$ 132,114	\$ 2,379	\$ 134,493
Net realized/unrealized gains	348,251	-	348,251
Expenses	(29,835)	-	(29,835)
	<b>\$ 450,530</b>	<b>\$ 2,379</b>	<b>\$ 452,909</b>
	<b>2018</b>		
	Cash		
	Investments	Equivalents	Total
Interest and dividend income	\$ 121,814	\$ 858	\$ 122,672
Net realized/unrealized gains	323,778	-	323,778
Expenses	(30,060)	-	(30,060)
	<b>\$ 415,532</b>	<b>\$ 858</b>	<b>\$ 416,390</b>

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

	<b>2019</b>	<b>2018</b>
Endowment		
Without donor restriction	\$ 1,757,920	\$ 1,573,019
With donor restriction	4,539,039	4,502,474
Total	<b>\$ 6,296,959</b>	<b>\$ 6,075,493</b>

**4. 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 Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**4. Fair Value of Investments (Continued)**

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, 2019 and 2018, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2019</b>			
Managed investment portfolio			
Money market funds	\$ 31,079	\$ -	\$ -
Equity investments	4,417,990	-	-
Fixed income investments	1,540,263	-	-
Alternative investments	307,627	-	-
	<u>\$6,296,959</u>	<u>\$ -</u>	<u>\$ -</u>
<b>June 30, 2018</b>			
Managed investment portfolio			
Money market funds	\$ 44,935	\$ -	\$ -
Equity investments	4,090,395	-	-
Fixed income investments	1,787,598	-	-
Alternative investments	152,565	-	-
	<u>\$6,075,493</u>	<u>\$ -</u>	<u>\$ -</u>

**5. Line of Credit**

The Society maintains a \$500,000 line of credit from a bank as a source of liquidity to have available for short-term needs. The line is secured by investments with interest payable monthly at a variable interest rate of 0.5% below an indexed rate based upon prime rate and has a maturity date of December 31, 2019. There was no outstanding balance due at June 30, 2019 and 2018, respectively. There was no interest expense incurred during the years ended June 30, 2019 and 2018, respectively.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**6. Net Assets**

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

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Designated expenses for the next fiscal year (private underwritings)	\$ -	\$ 32,500
Designated fund for piano maintenance	36,665	38,778
Designated scholarships for the next fiscal year	<u>2,620</u>	<u>2,720</u>
Total timing and purpose restrictions	<u>39,285</u>	<u>73,998</u>
Perpetual in Nature:		
General activities of the Society	\$ 3,935,144	\$ 3,935,144
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>4,517,754</u>	<u>4,517,754</u>
Total net assets with donor restrictions	<u><u>\$4,557,039</u></u>	<u><u>\$4,591,752</u></u>

**7. 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.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**7. Endowment Fund (Continued)**

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 endowment fund composition by type of asset as of June 30, 2019 and 2018 is as follows:

	<b>2019</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Investments	\$ 1,757,920	\$4,539,039	\$ 6,296,959
Contributions receivable	-	18,000	18,000
	<b>\$ 1,757,920</b>	<b>\$4,557,039</b>	<b>\$ 6,314,959</b>
	<b>2018</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Investments	\$ 1,573,019	\$4,502,474	\$ 6,075,493
Contributions receivable	-	18,000	18,000
	<b>\$ 1,573,019</b>	<b>\$4,520,474</b>	<b>\$ 6,093,493</b>

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**7. Endowment Fund (Continued)**

Changes in the endowment fund for the years ended June 30, 2019 and 2018 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2017	\$ 1,492,354	\$4,520,574	\$ 6,012,928
Contributions	22,272	400	22,672
Investment income (loss)	416,390	-	416,390
Amounts appropriated for expenditure	<u>(357,997)</u>	<u>(500)</u>	<u>(358,497)</u>
Endowment net assets, June 30, 2018	1,573,019	4,520,474	6,093,493
Transfer piano funds	-	36,665	36,665
Contributions	5,368	400	5,768
Investment income (loss)	452,909	-	452,909
Amounts appropriated for expenditure	<u>(273,376)</u>	<u>(500)</u>	<u>(273,876)</u>
Endowment net assets, June 30, 2019	<u>\$ 1,757,920</u>	<u>\$4,557,039</u>	<u>\$ 6,314,959</u>

**8. Operating Lease**

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, 2019 and 2018 was \$15,680 and \$16,225, respectively.

The future minimum annual rental commitment under this agreement subsequent to June 30, 2019 is as follows:

<u>Year Ending June 30</u>	<u>Office Space</u>	<u>Storage Space</u>	<u>Total</u>
2020	\$ 13,133	\$ 1,600	\$ 14,733
2021	13,648	1,600	15,248
2022	14,163	1,600	15,763
2023	14,678	1,600	16,278
2024	<u>15,193</u>	<u>1,600</u>	<u>16,793</u>
	<u>\$ 70,813</u>	<u>\$ 8,000</u>	<u>\$ 78,813</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, 2019 and 2018 was \$52,013 and \$47,346, respectively.

The Society also leases musical instruments, music and other equipment as needed under terms of short term operating leases.

**The Wichita Symphony Society**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**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.

**10. Financial Assets and Liquidity Resources**

The following schedule reflects the Society's financial assets available for general expenditure as of June 30, 2019 and 2018, 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>2019</b>	<b>2018</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 443,468	\$ 461,628
Contributions receivable	18,000	18,000
Investments	6,296,959	6,075,493
	6,758,427	6,555,121
<b>Less those unavailable for general expenditures within one year, due to:</b>		
Restricted by donor with purpose restrictions		
Private underwritings	-	32,500
Piano maintenance	36,665	38,778
Scholarships for the next fiscal year	2,620	2,720
Restricted by donor for investment in perpetuity	4,517,754	4,517,754
	4,557,039	4,591,752
<b>Liquidity resources</b>		
Bank line of credit	500,000	500,000
<b>Total financial assets available to meet cash needs for general purpose expenditures within one year</b>	<b>\$ 2,701,388</b>	<b>\$ 2,463,369</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.

**11. Subsequent Events**

Subsequent events were evaluated by management through November 18, 2019, which is the date the financial statements were available to be issued.

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<b>EL DORADO</b>	PO BOX 847	EL DORADO, KS 67042-0847	316-321-1150
<b>McALESTER</b>	101 S. 2ND. STE. B	McALESTER, OK 74501-5345	918-426-1234
<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	918-494-8700
<b>WAGONER</b>	611-D W. CHEROKEE ST.	WAGONER, OK 74467-4618	918-485-5531
<b>WICHITA</b>	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335