

Wichita Foundation
Independent Auditor's Report
and Consolidated Financial Statements
June 30, 2023 and 2022



Wichita Foundation

Independent Auditor's Report
and Consolidated Financial Statements

June 30, 2023 and 2022

C O N T E N T S

	Page
Independent Auditor's Report	1
Financial Statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of cash flows	6
Consolidated statements of functional expenses	7
Notes to consolidated financial statements	9

Independent Auditor's Report

To the Board of Directors
Wichita Foundation
Wichita, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Wichita Foundation (a not-for-profit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wichita Foundation as of June 30, 2023 and 2022, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Wichita Foundation and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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 consolidated 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 aggregate, that raise substantial doubt about Wichita Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 Wichita Foundation'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 Wichita Foundation'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 Mouna, CPA

May 6, 2024
Wichita, Kansas

Wichita Foundation
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 316,771	\$ 308,023
Receivables from sales of investment securities	-	40,265
Investments	100,759,938	95,012,036
Investments, deferred compensation agreement	46,492	-
Notes receivable	976,421	243,452
Property and equipment, at cost, less accumulated depreciation and amortization of \$33,572 in 2023 and \$104,802 in 2022	140,703	22,318
Total assets	\$ 102,240,325	\$ 95,626,094
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued liabilities	\$ 667	\$ 13,231
Deferred compensation payable	46,492	22,176
Funds held for others	14,507,226	13,672,775
Total liabilities	14,554,385	13,708,182
Net Assets		
Without donor restriction		
Undesignated	15,010,810	14,763,325
Board designated	71,675,130	66,154,587
Total without donor restriction	86,685,940	80,917,912
With donor restriction	1,000,000	1,000,000
Total net assets	87,685,940	81,917,912
Total liabilities and net assets	\$ 102,240,325	\$ 95,626,094

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

Wichita Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
Contributions	\$ 7,452,946	\$ -	\$ 7,452,946
Net investment gain	5,601,639	-	5,601,639
Other income	60,499	-	60,499
	<u>13,115,084</u>	<u>-</u>	<u>13,115,084</u>
Expenses			
Program	6,450,410	-	6,450,410
General and administrative	513,183	-	513,183
Fundraising	383,463	-	383,463
	<u>7,347,056</u>	<u>-</u>	<u>7,347,056</u>
Change in net assets	5,768,028	-	5,768,028
Net assets at beginning of year	<u>80,917,912</u>	<u>1,000,000</u>	<u>81,917,912</u>
Net assets at end of year	<u>\$ 86,685,940</u>	<u>\$ 1,000,000</u>	<u>\$ 87,685,940</u>

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

Wichita Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
Contributions	\$ 9,130,025	\$ -	\$ 9,130,025
Net investment gain (loss)	(10,448,925)	-	(10,448,925)
Other income	73,316	-	73,316
Total revenue, gains (losses) and other support	<u>(1,245,584)</u>	<u>-</u>	<u>(1,245,584)</u>
Expenses			
Program	6,423,406	-	6,423,406
General and administrative	432,903	-	432,903
Fundraising	371,569	-	371,569
Total expenses	<u>7,227,878</u>	<u>-</u>	<u>7,227,878</u>
Change in net assets	(8,473,462)	-	(8,473,462)
Net assets at beginning of year	<u>89,391,374</u>	<u>1,000,000</u>	<u>90,391,374</u>
Net assets at end of year	<u><u>\$ 80,917,912</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 81,917,912</u></u>

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

Wichita Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 5,768,028	\$ (8,473,462)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	12,733	11,397
Net realized and unrealized (gains) losses on investments	(3,108,094)	13,482,173
Loss on equipment disposal	3,864	2,092
Change in assets and liabilities:		
Other receivable	40,265	(40,265)
Accrued liabilities	(28,960)	21,962
Deferred revenue	-	(10,667)
Other liabilities	(5,780)	(33,372)
Net cash provided by operating activities	2,682,056	4,959,858
Cash flows from investing activities		
Issuance of note receivable	(865,000)	(250,000)
Repayment of note receivable	132,031	6,548
Purchase of equipment	(134,982)	(12,026)
Purchase of investments	(41,638,644)	(9,000,394)
Proceeds from sale of investments	38,998,836	6,145,963
Net cash used in investing activities	(3,507,759)	(3,109,909)
Cash flows from financing activities		
Increase (decrease) in funds held for others, including realized and unrealized gains (losses)	834,451	(1,692,341)
Net cash provided by (used in) financing activities	834,451	(1,692,341)
Net increase in cash and cash equivalents	8,748	157,608
Cash and cash equivalents at beginning of year	308,023	150,415
Cash and cash equivalents at end of year	\$ 316,771	\$ 308,023
Supplemental disclosure of non-cash investing and financing activities:		
Net realized & unrealized gains (losses) on funds held for others	\$ 555,910	\$ (2,413,621)

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

Wichita Foundation
Consolidated Statements of Functional Expenses
Year Ended June 30, 2023

	2023			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 318,892	\$ 248,427	\$ 262,536	\$ 829,855
Grant expense	5,921,315	-	-	5,921,315
Professional fees	56,848	46,631	30,747	134,226
Travel and parking	3,756	42,035	3,093	48,884
Office supplies	10,165	41,701	8,369	60,235
Seminar and meetings	5,828	17,746	4,797	28,371
Information technology	36,754	33,234	30,703	100,691
Dues and memberships	9,100	14,199	7,493	30,792
Depreciation	4,876	3,843	4,014	12,733
Occupancy	18,688	16,890	15,385	50,963
Advertising and promotion	2,343	10,904	1,928	15,175
Insurance	3,707	14,435	3,051	21,193
Fundraising event	-	-	3,000	3,000
Direct fiscal sponsorship	5,679	-	-	5,679
Moving expense	49,508	5,666	5,918	61,092
Miscellaneous	2,951	17,472	2,429	22,852
	\$ 6,450,410	\$ 513,183	\$ 383,463	\$ 7,347,056

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

Wichita Foundation
Consolidated Statements of Functional Expenses
Year Ended June 30, 2022

	2022			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 295,163	\$ 229,899	\$ 243,000	\$ 768,062
Grant expense	5,987,298	-	-	5,987,298
Professional fees	33,658	38,525	24,005	96,188
Travel and parking	2,496	24,691	2,055	29,242
Office supplies	8,637	19,206	7,111	34,954
Seminar and meetings	2,298	5,846	1,892	10,036
Information technology	46,835	42,161	39,164	128,160
Dues and memberships	8,519	13,496	7,014	29,029
Depreciation	4,364	3,440	3,593	11,397
Occupancy	20,619	18,892	16,975	56,486
Advertising and promotion	2,820	13,127	2,322	18,269
Insurance	3,751	15,063	3,088	21,902
Fundraising event	-	-	20,405	20,405
Direct fiscal sponsorship	5,800	-	-	5,800
Miscellaneous	1,148	8,557	945	10,650
	\$ 6,423,406	\$ 432,903	\$ 371,569	\$ 7,227,878

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

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Operations

Wichita Foundation (WF) was incorporated in October 1986 as the Greater Wichita Community Foundation to channel contributions received from private and corporate donors to a variety of charitable and nonprofit organizations in the greater Wichita, Kansas area. In 1996, the name of the organization was changed to the Wichita Community Foundation. In 2023, the organization name changed to the Wichita Foundation. WCF Support Foundation (WCFS) was incorporated in December 2003 as a wholly owned subsidiary of WF (collectively, the Foundation). The Foundation is directed by a Board of Directors.

Presentation

The Foundation's financial statements are prepared in accordance with the provisions of Accounting Standards Codification 958 (ASC 958), "Not-for-Profit Entities." This standard provides that if a governing body of an organization has the ability to remove a donor designation, the contributions should be classified as net assets without donor restrictions. However, under the Foundation's governing instruments, these net assets are subject to the Foundation's spending policy as approved by the Board of Directors, which allows distributions as the governing body deems is prudent and appropriate. Accordingly, the financial statements classify these net assets as without donor restrictions. However, receipts of unconditional promises to give with payments due in future periods are reported as net assets with donor restrictions. As the future payments are distributed, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of restrictions. Receipts of funds in which the governing document explicitly states a principal amount that may not be expended as designated by the donor have been classified as net assets with donor restriction.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of WF and WCFS. All significant intercompany balances and transactions have been eliminated in the consolidation.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Contributed investments and property gifts, including real estate, are recorded at fair value at date of gift.

Property and equipment

Acquisitions of property and equipment are capitalized at cost when purchased or at fair value at date of gift, when donated. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, generally five or seven years.

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

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 reported period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the fair value of investments. Management relies on external market quotes in estimating the fair value of investments.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held by investment managers are considered investments.

Receivables

Contributions receivable and the notes receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of debtors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Board designated net assets

Certain net assets without donor restrictions have been designated by the board of directors to administer funds designated for the following purposes:

- Permanent support of specified charitable organizations
- Provide funds to assist and encourage promising students with scholarships
- Particular field or fields of charitable interest
- Fiscal sponsorship of specific projects
- Other donor suggested purposes

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

WF and WCFS are organized as Kansas nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The entities are qualified to receive deductible charitable contributions under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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.

Change in Accounting Principle

Leases

Effective July 1, 2022, the Foundation adopted ASU No. 2016-02, Leases (Topic 842) and has elected to apply the changes retrospectively at the beginning of the period of adoption, July 1, 2022. 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 income statement. Previously, leases were classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. The Foundation 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. There was no material impact on the Foundations' financial statements as a result of adoption.

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle (continued)

Financial Instruments – Credit Losses

Effective July 1, 2022 the Foundation adopted the new standard, Financial Instruments – Credit Losses, (also known as CECL) that requires the measurement of expected credit losses (allowance for doubtful accounts) that is based on historical experience and current conditions and reasonable and supportable forecasts that affect collectability of reported amounts. The Foundation assessed all notes receivable and determined there was no material impact to the Foundation’s financial statements as a result of adoption.

2. Investments

Investments at June 30 consist of the following:

	2023	2022
Investments		
Cash and Money Market Funds	\$ 9,799,674	\$ 10,746,743
Mutual Funds:		
Equity Funds:		
Domestic	32,082,233	27,465,314
International	19,879,248	15,981,706
Fixed Income Funds:		
Domestic	28,016,980	25,210,379
High Yield Funds	118,276	90,966
Real Assets Funds	4,570,440	4,607,776
Alternative Funds	5,927,733	10,572,668
Cash Surrender Value of Life Insurance	240,593	236,053
Other Investments	124,761	100,431
	100,759,938	95,012,036
Investments, deferred compensation agreement		
Cash and Money Market Funds	420	-
Exchange-Traded Products	44,762	-
	46,492	46,492
Total	\$ 100,806,430	\$ 95,058,528

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

2. Investments (Continued)

Net investment income (loss) on the investments for the year ended June 30 is as follows:

	2023	2022
Dividends and interest	\$ 2,675,984	\$ 3,160,587
Net realized gains	54,393	849,978
Net unrealized gains (losses)	3,053,701	(14,332,151)
Increase in cash surrender value of life insurance	4,540	4,081
	5,788,618	(10,317,505)
Less management fees and assignable expenses	(186,979)	(131,420)
Net investment gain (loss)	\$ 5,601,639	\$ (10,448,925)

3. Fair Value Measurements

Accounting Standards Codification 820 (ASC 820), Fair Value Measurement and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements

Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

3. Fair Value Measurements (Continued)

Level 3 Fair Value Measurements

Unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Fair values of assets measured on a recurring basis are as follows:

June 30, 2023	Fair Value	Fair Value Measurements at Reporting Date Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)
Investments			
Cash and money market funds	\$ 9,799,674	\$ 9,799,674	\$ -
Domestic Equities			
Mutual Funds:			
Equity funds:			
Domestic	32,082,233	32,082,233	-
International	19,879,248	19,879,248	-
Fixed income funds:			
Domestic	28,016,980	28,016,980	-
High Yield Funds	118,276	118,276	-
Real Assets Funds	4,570,440	4,570,440	-
Alternative Funds	5,927,733	5,927,733	-
Cash surrender value of life insurance	240,593	-	240,593
Other investments	124,761	124,761	-
	100,759,938	100,519,345	240,593
Investments, deferred compensation agreement			
Cash and money market funds	420	420	-
Exchange-Traded Products	44,762	44,762	-
	45,182	45,182	-
Total Assets at Fair Value	\$ 201,520,296	\$ 201,039,110	\$ 481,186

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

3. Fair Value Measurements (Continued)

<u>June 30, 2022</u>	Fair Value	Fair Value Measurements at Reporting Date Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)
Investments			
Cash and money market funds	\$ 10,746,743	\$ 10,746,743	\$ -
Mutual Funds:			
Equity funds:			
Domestic	27,465,314	27,465,314	-
International	15,981,706	15,981,706	-
Fixed income funds:			
Domestic	25,210,379	25,210,379	-
High Yield Funds	90,966	90,966	-
Real Assets Funds	4,607,776	4,607,776	-
Alternative Funds	10,572,668	10,572,668	-
Cash Surrender Value of Life Insurance	236,053	-	236,053
Other Investments	100,431	100,431	-
Total Assets at Fair Value	<u>\$ 95,012,036</u>	<u>\$ 94,775,983</u>	<u>\$ 236,053</u>

4. Notes receivable

In the effort to engage at an even deeper level with the community, in 2022 the WF Board elected to invest up to 5% of assets held in the Balanced Pool in local impact investment projects. With this initiative, ImpactICT, staff actively seeks opportunities to deploy funds with trusted local nonprofits or businesses, in line with WF values and mission. Each investment has a 3rd party banking or loan partner, and is reviewed by local leaders with expertise in this area. The notes receivable were originated by the Foundation under this new program. The balance consists of four notes receivable, which are unsecured.

The notes receivable bear varying interest rates from 0% to 5.5% and mature through March 2026. The balance outstanding was \$976,421 and \$243,452 for the years June 30, 2023 and 2022, respectively.

Scheduled collections on notes receivable as of June 30 2023 are as follows:

Year ending June 30,	
2024	\$ 390,651
2025	383,641
2026	202,129
	<u>\$ 976,421</u>

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Office furnishings	\$ 120,505	\$ 80,611
Other	53,770	46,509
	174,275	127,120
Less accumulated depreciation and amortization	<u>33,572</u>	<u>104,802</u>
	<u>\$ 140,703</u>	<u>\$ 22,318</u>

6. Funds Held for Others

The Foundation acts as fiduciary agent for various not-for-profit organizations. The Foundation's responsibilities as fiduciary agent include, but are not limited to, safeguarding of assets, recordkeeping of transactions, investment management, and ensuring appropriate grant making and distributions. The Foundation's policy is to record deposits to these funds as assets and record an equal liability. Investment income on these funds, net of an administrative fee retained by the Foundation, is either paid to the organizations or reinvested and added to the liability account. Balances and activities related to these funds are summarized as follows:

	<u>2023</u>	<u>2022</u>
Liability, July 1,	\$ 13,672,775	\$ 15,365,116
Deposits	406,296	644,427
Investment income	477,638	555,225
Realized and unrealized gains (losses) on investments	555,910	(2,413,621)
Distributions	(544,305)	(415,728)
Administrative fees	<u>(61,088)</u>	<u>(62,644)</u>
Liability, June 30,	<u>\$ 14,507,226</u>	<u>\$ 13,672,775</u>

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

7. Endowment

The Foundation’s endowment consists of one donor-restricted fund established to support a local museum. As required by ASC 958, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Foundation has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA), subject to expressed intent of the donor, as allowing appropriation for expenditure or accumulation so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. As a result of this interpretation, the Foundation classifies as perpetually restricted net assets with donor restrictions (a) the original expressed value of gifts donated to the perpetually restricted endowment, (b) the expressed original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted 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 the donor-restricted endowment fund that is not classified in perpetually restricted net assets with donor restrictions is classified as unrestricted or other donor restricted net assets in accordance with the direction of the donor. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the institution and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the institution; and
- (7) The investment policy of the institution.

Endowment net asset composition by type of fund as of June 30:

	Without Donor Restriction	Perpetual Donor Restriction	Total
June 30, 2023	<u>\$ 2,002,695</u>	<u>\$ 1,000,000</u>	<u>\$ 3,002,695</u>
June 30, 2022	<u>\$ 1,959,912</u>	<u>\$ 1,000,000</u>	<u>\$ 2,959,912</u>

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

7. Endowment (Continued)

Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022:

	Without Donor Restriction	Perpetual Donor Restriction	Total
Endowment net assets, June 30, 2021	\$ 2,493,908	\$ 1,000,000	\$ 3,493,908
Contributions	200		200
Investment income	122,889		122,889
Net appreciation (depreciation), realized and unrealized	(528,258)		(528,258)
Grants expense	(119,842)		(119,842)
Administrative fees	(8,985)		(8,985)
Endowment net assets, June 30, 2022	1,959,912	1,000,000	2,959,912
Contributions	-		-
Other transfers	(31,215)		(31,215)
Investment income	92,610		92,610
Net appreciation, realized and unrealized	114,249		114,249
Grants expense	(124,860)		(124,860)
Administrative fees	(8,001)		(8,001)
Endowment net assets, June 30, 2023	<u>\$ 2,002,695</u>	<u>\$ 1,000,000</u>	<u>\$ 3,002,695</u>

Spending policy:

For fiscal year ending June 30, 2023, the annual grant distributions from endowment funds to qualified individuals and agencies would generally be based on four (4) percent of a three (3) year moving average of endowment fund market values, determined one year before the fiscal year in which funds are to be distributed. No change in policy for fiscal year ending June 30, 2024 is anticipated.

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

8. Retirement Plan

The Foundation currently sponsors a simplified employee pension (SEP) plan covering all eligible employees. The plan provisions provide for Foundation contributions equal to 5% of the covered employee's salary. Eligible employees may also make elective deferrals to a 403(b) annuity plan. The Foundation's contributions to the SEP plan amounted to \$34,417 and \$29,299 for the years ended June 30, 2023 and 2022.

9. Liquidity

The Foundation receives contributions from private and corporate donors that benefit a variety of charitable and nonprofit organizations in the greater Wichita, Kansas area. The significant portion of contributions is received without donor restrictions and has historically exceeded the Foundation's annual operating budget. In addition, the Foundation occasionally receives contributions with donor restrictions which are restricted for specific purposes or to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs or support operations. Other revenue streams, including investment income without donor restrictions and appropriated earnings from investment income with donor restrictions (that is, endowment funds) are available to support its annual operations.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditures. General expenditures include general and administrative expense, fund-raising expense, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as total expense related to both program services and supporting services activities.

The Foundation manages its cash available to meet general expenditures through the following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets
- Maintaining sufficient reserves to provide reasonable assurance that long-term agreements or other commitments and obligations under endowments with donor restrictions will continue to be met, thereby ensuring the sustainability of the Foundation.

Wichita Foundation
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

9. Liquidity (Continued)

The Foundation operates on an annual budget cycle, which is approved by a Board of Directors. The Board of Directors meets regularly throughout the year to review the consolidated financial statements and approve unbudgeted expenses. The following schedule reflects the Foundation'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 restrictions and board designated restrictions, or being recognized as funds held for others within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 316,771	\$ 308,023
Receivables from fund managers and stock sale	-	40,265
Investments	100,759,938	95,012,036
	<u>101,076,709</u>	<u>95,360,324</u>
Less those unavailable for general expenditures within one year, due to:		
Funds held for others	14,507,226	13,672,775
Board designated net assets	71,675,130	66,154,587
Net assets perpetually restricted by donor	1,000,000	1,000,000
	<u>87,182,356</u>	<u>80,827,362</u>
Total financial assets available to meet cash needs for general purpose expenditures within one year	<u>\$ 13,894,353</u>	<u>\$ 14,532,962</u>

10. Subsequent Events

Subsequent to June 30, 2023, the Foundation entered into a sponsorship agreement of \$1,000,000, payable in equal installments of \$200,000 over a five year period to another local nonprofit organization to support a riverfront amphitheater. The amphitheater will be recognized as the Wichita Foundation Amphitheater.

Subsequent to June 30, 2023, additional funding was made towards local impact investment projects under the initiative described in Note 4.

Subsequent events were evaluated by management through May 6, 2024, 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