

Wichita Community Foundation

Independent Auditor's Report
and Consolidated Financial Statements

June 30, 2021 and 2020



Wichita Community Foundation

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June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Wichita Community Foundation
Wichita, Kansas

We have audited the accompanying consolidated financial statements of Wichita Community Foundation (a not-for-profit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wichita Community Foundation as of June 30, 2021 and 2020, 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.

Regier Can E Mowal, CPA

December 14, 2021
Wichita, Kansas

Wichita Community Foundation
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 150,415	\$ 157,518
Receivables from sales of investment securities	500,052	-
Investments	105,139,726	87,017,653
Property and equipment, at cost, less accumulated depreciation and amortization of \$156,867 in 2021 and \$145,681 in 2020	23,781	31,658
Total assets	\$ 105,813,974	\$ 87,206,829
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued liabilities	\$ 7,665	\$ 6,954
Other liabilities	39,152	90,024
Deferred revenue	10,667	37,333
Funds held for others	15,365,116	12,895,301
Total liabilities	15,422,600	13,029,612
Net Assets		
Without donor restriction		
Undesignated	17,162,282	14,304,411
Board designated	72,229,092	58,872,806
Total without donor restriction	89,391,374	73,177,217
With donor restriction	1,000,000	1,000,000
Total net assets	90,391,374	74,177,217
Total liabilities and net assets	\$ 105,813,974	\$ 87,206,829

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

**Wichita Community Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2021**

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
Contributions	\$ 7,058,910	\$ -	\$ 7,058,910
Net investment gain	15,697,972	-	15,697,972
Other income	87,154	-	87,154
Total revenue, gains and other support	<u>22,844,036</u>	<u>-</u>	<u>22,844,036</u>
Expenses			
Program	6,098,897	-	6,098,897
General and administrative	241,740	-	241,740
Fundraising	289,242	-	289,242
Total expenses	<u>6,629,879</u>	<u>-</u>	<u>6,629,879</u>
Increase in net assets	16,214,157	-	16,214,157
Net assets at beginning of year	<u>73,177,217</u>	<u>1,000,000</u>	<u>74,177,217</u>
Net assets at end of year	<u><u>\$ 89,391,374</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 90,391,374</u></u>

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

**Wichita Community Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2020**

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support			
Contributions	\$ 7,276,139	\$ -	\$ 7,276,139
Net investment gain	409,655	-	409,655
Other income	76,771	-	76,771
Total revenue, gains and other support	<u>7,762,565</u>	<u>-</u>	<u>7,762,565</u>
Expenses			
Program	6,740,526	-	6,740,526
General and administrative	268,354	-	268,354
Fundraising	294,358	-	294,358
Total expenses	<u>7,303,238</u>	<u>-</u>	<u>7,303,238</u>
Increase in net assets	459,327	-	459,327
Net assets at beginning of year	<u>72,717,890</u>	<u>1,000,000</u>	<u>73,717,890</u>
Net assets at end of year	<u><u>\$ 73,177,217</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 74,177,217</u></u>

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

Wichita Community Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Increase in net assets	\$ 16,214,157	\$ 459,327
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	11,573	14,759
Net realized and unrealized (gains) losses on investments	(14,239,126)	1,541,508
Loss on equipment disposal	1,477	-
Change in assets and liabilities:		
Accrued liabilities	711	387
Deferred revenue	(26,666)	(19,334)
Other liabilities	(50,872)	(29,872)
Net cash provided by operating activities	1,911,254	1,966,775
Cash flows from investing activities		
Purchase of equipment	(5,173)	(5,305)
Purchase of investments	(16,966,210)	(6,489,213)
Proceeds from sale of investments	12,583,211	4,795,867
Net cash used in investing activities	(4,388,172)	(1,698,651)
Cash flows from financing activities		
Increase (decrease) in funds held for others, including realized and unrealized gains (losses)	2,469,815	(362,320)
Net cash provided by (used in) financing activities	2,469,815	(362,320)
Net increase (decrease) in cash and cash equivalents	(7,103)	(94,196)
Cash and cash equivalents at beginning of year	157,518	251,714
Cash and cash equivalents at end of year	\$ 150,415	\$ 157,518
Supplemental disclosure of non-cash investing and financing activities:		
Net realized & unrealized losses on funds held for others	\$ 2,807,342	\$ (286,117)
Lease improvement incentive	\$ 2,652	\$ 4,774

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

Wichita Community Foundation
Consolidated Statements of Functional Expenses
Year Ended June 30, 2021

	2021			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 304,137	\$ 184,845	\$ 197,339	\$ 686,321
Grant expense	5,478,221	-	-	5,478,221
Professional fees	186,061	11,319	16,532	213,912
Travel and parking	9,171	486	641	10,298
Office supplies	7,971	2,907	16,819	27,697
Seminar and meetings	6,404	1,221	1,305	8,930
Information technology	27,447	14,463	16,418	58,328
Dues and memberships	21,367	5,001	5,342	31,710
Depreciation	5,129	3,115	3,328	11,572
Occupancy	23,549	14,303	15,279	53,131
Advertising and promotion	3,917	692	2,783	7,392
Insurance	5,137	2,650	12,415	20,202
Direct fiscal sponsorship	6,465	-	-	6,465
Miscellaneous	13,921	738	1,041	15,700
	\$ 6,098,897	\$ 241,740	\$ 289,242	\$ 6,629,879

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

Wichita Community Foundation
Consolidated Statements of Functional Expenses
Year Ended June 30, 2020

	2020			
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 280,615	\$ 194,075	\$ 171,275	\$ 645,965
Grant expense	6,055,054	-	-	6,055,054
Professional fees	139,922	14,156	13,915	167,993
Travel and parking	29,081	1,947	2,974	34,002
Office supplies	54,482	7,675	22,295	84,452
Seminar and meetings	38,138	2,558	2,254	42,950
Information technology	23,269	15,206	13,600	52,075
Dues and memberships	11,315	7,651	6,741	25,707
Depreciation	6,408	4,440	3,911	14,759
Occupancy	23,881	16,544	14,576	55,001
Advertising and promotion	837	580	29,551	30,968
Insurance	4,197	2,907	12,144	19,248
Direct fiscal sponsorship	70,208	-	-	70,208
Miscellaneous	3,119	615	1,122	4,856
	\$ 6,740,526	\$ 268,354	\$ 294,358	\$ 7,303,238

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

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Operations

Wichita Community Foundation (WCF) was incorporated in October 1986 to channel contributions received from private and corporate donors to a variety of charitable and nonprofit organizations in the greater Wichita, Kansas area. WCF Support Foundation (WCFS) was incorporated in December 2003 as a wholly owned subsidiary of WCF (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 WCF and WCFS. All significant intercompany balances and transactions have been eliminated in the consolidation.

Change in Accounting Principles

During 2021, the Foundation adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) using the full retrospective method. This ASU superseded the previous 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 adoption of this ASU did not have a significant impact on the Foundation's statements. No changes were required to previously reported assets or revenues as a result of the adoption.

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

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.

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 are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable 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 Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

WCF 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.

Recent Accounting Pronouncements

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 Foundation's year ending June 30, 2023, 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.

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

2. Investments

Investments at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and Money Market Funds	\$ 9,278,837	\$ 8,304,148
Mutual Funds:		
Equity Funds:		
Domestic	33,430,343	24,870,626
International	19,685,787	15,918,065
Fixed Income Funds:		
Domestic	25,501,430	23,712,912
International	5,616	5,289
High Yield Funds	151,106	81,177
Real Assets Funds	4,324,718	2,587,207
Alternative Funds	12,396,490	11,183,448
Cash Surrender Value of Life Insurance	231,972	230,712
Other Investments	133,427	124,069
	<u>\$ 105,139,726</u>	<u>\$ 87,017,653</u>

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

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 1,604,083	\$ 2,080,569
Net realized gains (losses)	1,220,162	(9,957)
Net unrealized gains (losses)	13,018,964	(1,531,550)
Increase in cash surrender value of life insurance	1,260	1,631
	<u>15,844,469</u>	<u>540,693</u>
Less management fees and assignable expenses	<u>(146,497)</u>	<u>(131,038)</u>
Net investment gain	<u>\$ 15,697,972</u>	<u>\$ 409,655</u>

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

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.

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.

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

3. Fair Value Measurements (Continued)

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

<u>June 30, 2021</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)
Cash and money market funds	\$ 9,278,837	\$ 9,278,837	\$ -
Mutual Funds:			
Equity funds:			
Domestic	33,430,343	33,430,343	-
International	19,685,787	19,685,787	-
Fixed income funds:			
Domestic	25,501,430	25,501,430	-
International	5,616	5,616	-
High Yield Funds	151,106	151,106	-
Real Assets Funds	4,324,718	4,324,718	-
Alternative Funds	12,396,490	12,396,490	-
Cash surrender value of life insurance	231,972	-	231,972
Other investments	133,427	133,427	-
	<u>\$ 105,139,726</u>	<u>\$ 104,907,754</u>	<u>\$ 231,972</u>

<u>June 30, 2020</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)
Cash and money market funds	\$ 8,304,148	\$ 8,304,148	\$ -
Mutual Funds:			
Equity funds:			
Domestic	24,870,626	24,870,626	-
International	15,918,065	15,918,065	-
Fixed income funds:			
Domestic	23,712,912	23,712,912	-
International	5,289	5,289	-
High Yield Funds	81,177	81,177	-
Real Assets Funds	2,587,207	2,587,207	-
Alternative Funds	11,183,448	11,183,448	-
Cash Surrender Value of Life Insurance	230,712	-	230,712
Other Investments	124,069	124,069	-
Total Assets at Fair Value	<u>\$ 87,017,653</u>	<u>\$ 86,786,941</u>	<u>\$ 230,712</u>

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

4. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Office furnishings	\$ 77,923	\$ 74,794
Other	102,545	102,545
	180,468	177,339
Less accumulated depreciation and amortization	<u>156,687</u>	<u>145,681</u>
	<u>\$ 23,781</u>	<u>\$ 31,658</u>

5. 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>2021</u>	<u>2020</u>
Liability, July 1,	\$ 12,895,301	\$ 13,257,621
Deposits	100,770	389,627
Investment income	294,993	386,998
Realized and unrealized gains (losses) on investments	2,807,342	(286,117)
Distributions	(671,330)	(795,395)
Administrative fees	<u>(61,960)</u>	<u>(57,433)</u>
Liability, June 30,	<u>\$ 15,365,116</u>	<u>\$ 12,895,301</u>

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

6. 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, 2021	<u>\$ 2,493,908</u>	<u>\$ 1,000,000</u>	<u>\$ 3,493,908</u>
June 30, 2020	<u>\$ 1,910,712</u>	<u>\$ 1,000,000</u>	<u>\$ 2,910,712</u>

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

6. Endowment (Continued)

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020:

	Without Donor Restriction	Perpetual Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, June 30, 2019	\$ 2,009,437	\$ 1,000,000	\$ 3,009,437
Contributions	15,300		15,300
Investment income	80,636		80,636
Net appreciation (depreciation), realized and unrealized	(65,233)		(65,233)
Grants expense	(121,395)		(121,395)
Administrative fees	<u>(8,033)</u>		<u>(8,033)</u>
Endowment net assets, June 30, 2020	1,910,712	1,000,000	2,910,712
Contributions	20,690		20,690
Investment income	60,211		60,211
Net appreciation (depreciation), realized and unrealized	632,909		632,909
Grants expense	(121,595)		(121,595)
Administrative fees	<u>(9,019)</u>		<u>(9,019)</u>
Endowment net assets, June 30, 2021	<u>\$ 2,493,908</u>	<u>\$ 1,000,000</u>	<u>\$ 3,493,908</u>

Spending policy:

For fiscal year ending June 30, 2021, 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, 2022 is anticipated.

Wichita Community Foundation
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

7. Operating Leases

The Foundation leases office space under a five-year operating lease that expires September 30, 2022. The Foundation also leases office space related to the Journalism Project under a five-year operating lease that expires March 31, 2025. Future minimum payments remaining under the leases are as follows:

Year ending June 30,		
2022	\$	19,785
2023		7,500
2024		8,650
2025		7,050
	\$	<u>42,985</u>

Rent expense was \$52,319 and \$53,446 for the years ended June 30, 2021 and 2020.

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 \$29,182 and \$27,823 for the years ended June 30, 2021 and 2020.

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.

Wichita Community Foundation
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9. Liquidity (Continued)

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.

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, 2021 and 2020, 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:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 150,415	\$ 157,518
Receivables from fund managers and stock sale	500,052	-
Investments	105,139,726	87,017,653
	<u>105,790,193</u>	<u>87,175,171</u>
Less those unavailable for general expenditures within one year, due to:		
Funds held for others	15,365,116	12,895,301
Board designated net assets	72,229,092	58,872,806
Net assets perpetually restricted by donor	1,000,000	1,000,000
	<u>88,594,208</u>	<u>72,768,107</u>
Total financial assets available to meet cash needs for general purpose expenditures within one year	<u>\$ 17,195,985</u>	<u>\$ 14,407,064</u>

10. Subsequent Events

Subsequent events were evaluated by management through December 14, 2021, which is the date the financial statements were available to be issued.

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