

**WICHITA STATE UNIVERSITY FOUNDATION  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended June 30, 2022



Helping you get from where you **a**re to where you want to **B**

### **Independent Auditor's Report**

The Board of Directors  
Wichita State University Foundation and Subsidiary  
Wichita, Kansas

#### **Opinion**

We have audited the accompanying consolidated financial statements of Wichita State University Foundation and Subsidiary (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2022, and the consolidated changes in net assets and its cash flows for the year then ended in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to 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.

#### **Change in Accounting Principle**

As discussed in Note A to the consolidated financial statements, the Organization adopted new accounting guidance, FASB Accounting Standards Update (ASU) 2020-07 *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

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## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Swindall, Janzen, Hawk & Loyd, LLC*

September 29, 2022  
Wichita, Kansas

**WICHITA STATE UNIVERSITY FOUNDATION  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2022

(With Summarized Financial Information at June 30, 2021)

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 7,812,978	\$ 8,576,146
Pledges receivable, less allowance for uncollectible pledges (2022, \$530,273; 2021, \$531,165)	19,489,662	19,414,863
Investments	322,101,539	339,822,426
Equity method investment	2,626,079	2,758,722
Real estate	597,175	597,175
Property and equipment, net of accumulated depreciation	513,714	563,345
Cash surrender value of life insurance	5,736,136	5,270,104
Collections	18,445,694	17,723,839
Other assets	521,387	847,319
	<b>\$ 377,844,364</b>	<b>\$ 395,573,939</b>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 1,188,173	\$ 900,918
Annuities payable	1,039,482	1,025,002
Due to WSU Alumni Association	2,089,784	2,154,355
Due to WSU Board of Trustees	8,197,055	8,758,905
Due to WSU Departments	145,206	146,078
Due to WSU Intercollegiate Athletic Association, Inc.	5,929,851	5,964,363
	<b>18,589,551</b>	<b>18,949,621</b>
<b><u>NET ASSETS</u></b>		
Net assets without donor restrictions:		
Undesignated	12,741,373	15,278,014
Board designated quasi-endowment	893,160	926,225
Total net assets without donor restrictions	13,634,533	16,204,239
Net assets with donor restrictions	345,620,280	360,420,079
	<b>359,254,813</b>	<b>376,624,318</b>
	<b>\$ 377,844,364</b>	<b>\$ 395,573,939</b>

See Notes to Consolidated Financial Statements

**WICHITA STATE UNIVERSITY FOUNDATION  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>TOTAL</b>	<b>TOTAL</b>
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions of cash and other financial assets	\$ 60,824	\$ 21,047,782	\$ 21,108,606	\$ 19,056,263
Contributions of nonfinancial assets	111,224	200,485	311,709	145,478
Net investment return (loss)	(3,018,309)	(1,504,603)	(4,522,912)	57,585,565
Other income	1,239,610	1,584,564	2,824,174	2,934,488
Net assets released from restriction	37,078,027	(37,078,027)	-	-
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>35,471,376</b>	<b>(15,749,799)</b>	<b>19,721,577</b>	<b>79,721,794</b>
EXPENSES				
Program Services:				
Scholarships	6,861,065	-	6,861,065	6,239,445
University support	25,371,500	-	25,371,500	17,788,792
Supporting activities:				
Management and general	3,101,544	-	3,101,544	2,652,171
Fundraising	3,017,120	-	3,017,120	2,801,422
<b>TOTAL EXPENSES</b>	<b>38,351,229</b>	<b>-</b>	<b>38,351,229</b>	<b>29,481,830</b>
Increase (decrease) in net assets before transfers	(2,879,853)	(15,749,799)	(18,629,652)	50,239,964
Transfers from Wichita State University	-	950,000	950,000	1,000,000
Transfers from Board of Trustees	310,147	-	310,147	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(2,569,706)</b>	<b>(14,799,799)</b>	<b>(17,369,505)</b>	<b>51,239,964</b>
NET ASSETS, BEGINNING OF YEAR	16,204,239	360,420,079	376,624,318	325,384,354
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 13,634,533</b>	<b>\$ 345,620,280</b>	<b>\$ 359,254,813</b>	<b>\$ 376,624,318</b>

See Notes to Consolidated Financial Statements

**WICHITA STATE UNIVERSITY FOUNDATION  
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**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	Program Services			Supporting Activities			2022 Total Expenses	2021 Total Expenses
	Scholarships	University Support	Total Program Services	Management and General	Fundraising	Total Supporting Activities		
Books	\$ -	\$ 59,546	\$ 59,546	\$ -	\$ -	\$ -	\$ 59,546	\$ 87,503
Change in the value of life insurance and split interest agreements	-	(436,992)	(436,992)	-	-	-	(436,992)	(261,372)
Computer software and maintenance	-	50,215	50,215	188,297	-	188,297	238,512	226,613
Contract labor	-	88,669	88,669	-	-	-	88,669	24,976
Contributions	-	25,699	25,699	-	-	-	25,699	10,429
Depreciation	-	49,631	49,631	-	-	-	49,631	60,205
Donor development	-	-	-	-	421,297	421,297	421,297	281,729
Dues and subscriptions	-	143,105	143,105	46,937	-	46,937	190,042	232,930
Fellowships	-	301,491	301,491	-	-	-	301,491	292,417
Furniture, fixtures and equipment	-	449,675	449,675	-	-	-	449,675	1,250,080
Grants	-	7,275,580	7,275,580	-	-	-	7,275,580	7,169,943
Honorarium	-	91,518	91,518	-	-	-	91,518	73,717
Insurance	-	748	748	33,501	-	33,501	34,249	27,051
KMUW	-	428,783	428,783	-	-	-	428,783	393,805
Marketing and communication	-	81,959	81,959	68,667	-	68,667	150,626	111,098
Outside services	-	12,462,539	12,462,539	-	-	-	12,462,539	3,900,125
Professional fees and services	-	1,538,117	1,538,117	27,506	-	27,506	1,565,623	2,893,923
Recruitment	-	175,096	175,096	22,103	-	22,103	197,199	102,310
Registration	-	110,609	110,609	-	-	-	110,609	82,520
Rent, repairs and maintenance	-	134,818	134,818	206,828	-	206,828	341,646	577,692
Salaries and benefits	-	-	-	2,387,705	2,595,823	4,983,528	4,983,528	4,460,422
Scholarships	6,861,065	-	6,861,065	-	-	-	6,861,065	6,239,445
Seminar expenses	-	3,720	3,720	-	-	-	3,720	7,697
Staff development	-	14,709	14,709	5,396	-	5,396	20,105	36,839
Supplies and postage	-	167,612	167,612	48,925	-	48,925	216,537	205,999
Travel and entertainment	-	598,863	598,863	44,233	-	44,233	643,096	127,321
Trust distributions	-	867,909	867,909	-	-	-	867,909	647,079
Other	-	687,881	687,881	21,446	-	21,446	709,327	219,334
	<u>\$ 6,861,065</u>	<u>\$ 25,371,500</u>	<u>\$ 32,232,565</u>	<u>\$ 3,101,544</u>	<u>\$ 3,017,120</u>	<u>\$ 6,118,664</u>	<u>\$ 38,351,229</u>	<u>\$ 29,481,830</u>

See Notes to Consolidated Financial Statements

**WICHITA STATE UNIVERSITY FOUNDATION  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year Ended June 30, 2022  
(With Summarized Financial Information for the Year Ended June 30, 2021)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (17,369,505)	\$ 51,239,964
Adjustments to reconcile the increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	49,631	60,205
Gain on equity method investment	(165,857)	(232,576)
Paycheck Protection Program loan forgiveness	-	(491,400)
Contributions for permanent endowment	(9,948,801)	(8,846,190)
Net realized and unrealized (gain) loss on investments	8,324,376	(54,478,865)
Fair value of donated collection items	(200,485)	(11,225)
Fair value of donated investments	(1,223,212)	(1,402,709)
Donated facility usage recorded as contributions	(111,224)	(134,253)
Donated facility usage recorded as rent expense	111,224	134,253
Increase in cash surrender value of life insurance	(466,032)	(336,106)
Transfers from Wichita State University	(950,000)	(1,000,000)
Transfers from WSU Board of Trustees	(310,147)	-
Decrease (increase) in operating assets:		
Pledges receivable, net	1,166,994	3,734,466
Other assets	325,932	(7,499)
Increase in operating liabilities:		
Accounts payable and accrued expenses	287,255	308,718
Annuities payable	14,480	99,660
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(20,465,371)</b>	<b>(11,363,557)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of collections	(521,370)	(351,519)
Net sales of investments	10,619,723	2,098,276
Distributions received from equity method investment	298,500	298,500
Proceeds from the sale of real estate	-	55,900
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>10,396,853</b>	<b>2,101,157</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for permanent endowment	8,707,008	9,188,937
Transfers from Wichita State University	950,000	1,000,000
Increase (decrease) in due to affiliated entities	(351,658)	879,396
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>9,305,350</b>	<b>11,068,333</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(763,168)</b>	<b>1,805,933</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>8,576,146</b>	<b>6,770,213</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 7,812,978</b>	<b>\$ 8,576,146</b>

See Notes to Consolidated Financial Statements

**WICHITA STATE UNIVERSITY FOUNDATION  
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies**

**Nature of operations** - Wichita State University Foundation (the "Foundation") provides support for the educational undertakings of Wichita State University and all related beneficial activities. It derives most of its revenue from contributions and earnings on investments. WSUF Real Estate Holdings, LLC (the "LLC") is a wholly owned subsidiary of the Foundation formed during 2016. It derives its revenue from donated real estate. All activity from the LLC has been included within the consolidated financial statements. These entities are collectively referred to as the "Organization". Significant inter-company accounts and transactions have been eliminated.

**Use of estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial statement presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those which have been limited by donors to a specified time period or purpose or may be required to be maintained in perpetuity by the Organization.

**Basis of accounting** - The Organization's policy is to prepare the consolidated financial statements on the accrual basis of accounting; consequently, the consolidated financial statements reflect all significant receivables, payables, and other liabilities.

**Income taxes** - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation is subject to federal income tax on any unrelated business taxable income.

The LLC does not incur income taxes; instead, its earnings are included in the Foundation's income tax return and taxed depending on the Foundation's tax situation. The consolidated financial statements, therefore, do not include a provision for income taxes for the LLC.

The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Foundation. The Organization did not have any material uncertain tax positions as of June 30, 2022.



**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

**Prior year comparative totals** - The consolidated financial statements include certain prior year summarized financial information in total, but not by net asset class. Such information does not constitute a complete presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2021 consolidated financial statements from which the summarized information was derived.

**Contributions** - Contributions of cash and other assets received without donor stipulations are reported as revenues and net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as revenues and net assets with donor restrictions. When a donor 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 net assets released from restrictions. Contributions having donor stipulations that are satisfied in the period the contribution is received are reported as revenues and net assets without donor restrictions.

**Donated property and equipment** - Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. See Note 17 to the consolidated financial statements for additional information.

**Donated facilities and services** - Donated facilities are valued at their fair rental value. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. See Note 17 to the consolidated financial statements for additional information.

**Donated assets** - Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. See Note 17 to the consolidated financial statements for additional information.

**Promises to give** - Unconditional promises to give (pledges) expected to be collected within one year are reported at their estimated net realizable value. Pledges expected to be collected in future years are reported at the present value of estimated future cash flows based upon a risk adjusted five-year T-bill rate (3% at June 30, 2022). The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A pledge is written off when it reaches over 180 days past due or is determined to be uncollectible.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

**Cash equivalents** - The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, cash equivalents consisted primarily of money market accounts.

**Collections** - All collections of works of art and similar assets are capitalized. Items added to the collections are capitalized at cost, if purchased, or at estimated fair value at the date of donation, if donated. Collection items have cultural, aesthetic, or historical value that is worth preserving perpetually, and the Foundation is protecting and preserving essentially undiminished the service potential of the collection items, therefore, they are not being depreciated. Contributions of art are donor restricted and may be disposed of with the proceeds received being restricted as to use. See Note 17 to the consolidated financial statements for additional information regarding donated collections.

**Depreciation** - Depreciation is computed by the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Property and equipment	3 – 39 years

**Property and equipment** – Property and equipment includes buildings, equipment, furniture, and software that are carried at cost, if purchased or the approximate fair value at the date of donation, if donated. The Foundation capitalizes all expenditures for buildings, equipment, furniture, and software in excess of \$5,000, except for those expended for university support.

**Expense allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

**Investments and investment return** - The Organization carries investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and gains/losses are included in net assets without restrictions, unless the income or gain/loss is restricted by donor stipulation or law. Investment income and gains/losses restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the consolidated statements of financial position.

The Organization's management is responsible for the fair value measurement of investments reported in the consolidated financial statements and believes that the reported values are reasonable.

The Organization uses the equity method of accounting for its investment in a closely held corporation since it controls between 20%-50%.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

**Recently adopted accounting pronouncements** - In July 2020, the FASB issued Accounting Standards Update (ASU) ASU 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The ASU was adopted by the Foundation effective July 1, 2021 as required by the standard. The ASU requires the Foundation to present contributions of nonfinancial assets separately from contributions of cash and other financial assets on the consolidated statements of activities. The ASU also requires additional disclosures related to the contributions of nonfinancial assets. See Note 17 to the consolidated financial statements for disclosure information regarding contributed nonfinancial assets.

**Recent accounting pronouncement** - In February 2016, the FASB issued ASU 2016-02, *Leases*, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the consolidated statements of financial position. The standard is effective July 1, 2022 for the Organization. The Organization is currently assessing the impact this ASU will have on its consolidated financial statements and will adopt the provisions upon the effective date.

The FASB has issued other new accounting guidance or modifications to, or interpretations of, existing accounting guidance. The Organization has considered the new un-adopted guidance and does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

**( 2 ) Liquidity and availability of resources**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. Investments could be readily converted into cash if necessary to cover cash shortfalls. Financial assets unavailable for general expenditure within one year in the below table includes amounts necessary to comply with donor stipulations. At June 30, 2022, financial assets and liquid resources available within one year for general expenditure, such as operating expenses, are as follows:

Cash and cash equivalents	\$ 7,812,978
Pledges receivable, net	19,489,662
Investments	322,101,539
Equity method investment	2,626,079
Cash surrender value of life insurance	5,736,136
	<u>357,766,394</u>
Total financial assets	
Less those unavailable for general expenditure within one year:	
Pledges receivable to be collected in more than one year	11,684,980
Investments, net of projected payout	308,091,396
Equity method investment, net of projected payout	2,389,269
Cash surrender value of life insurance	5,736,136
	<u>328,901,781</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 29,864,613</u>

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 3 ) Investment return (loss)**

Investment return (loss) for the year ended June 30, 2022 is comprised of the following:

Interest and dividend income	\$ 4,150,840
Realized gains	19,303,975
Change in unrealized gains (losses)	(27,628,351)
Investment management fees	<u>(349,376)</u>
	<u><u>\$ (4,522,912)</u></u>

**( 4 ) Pledges receivable**

Pledges receivable consists of unconditional promises to give as summarized below at June 30, 2022:

Due in less than one year	\$ 8,004,525
Due in one to five years	9,617,215
Due in more than five years	<u>3,600,000</u>
	<u>21,221,740</u>
Less:	
Allowance for uncollectible pledges	530,273
Unamortized discount (at effective rate of 3%)	<u>1,201,805</u>
	<u>1,732,078</u>
	<u><u>\$ 19,489,662</u></u>

Restricted pledges receivable with permanent donor restrictions total \$4,164,846 at June 30, 2022 and are included in pledges receivable above.

**( 5 ) Property and equipment**

Property and equipment is carried at cost, if purchased, or fair market value, if donated. Property and equipment, net of accumulated depreciation is as follows at June 30, 2022:

Buildings, equipment, furniture and software	\$ 1,470,394
Less accumulated depreciation	<u>(956,680)</u>
Property and equipment, net of accumulated depreciation	<u><u>\$ 513,714</u></u>

The Foundation's policy is to depreciate capitalized buildings, equipment, furniture, and software over their remaining useful lives. The Foundation periodically evaluates the remaining useful life and recoverability of these assets when events indicate the carrying value of such assets may not be recoverable. The Foundation believes it will recover the carrying value in future operations.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 6 ) Annuities and trust payable**

The Foundation has entered into agreements with individuals whereby the individuals have deposited a sum of money with the Foundation. In exchange, the individuals are to receive, during the term of their life, an annuity or annual sum of money based on the provisions of each specific agreement. The difference between the original annuity amount invested and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of gift. The actuarial liability is revalued annually and any surplus or deficiency is recognized as a change in value and is included in expenses as "University support" on the consolidated statements of activities.

**( 7 ) Collections**

Accessions and deaccessions for collections during the year ended June 30, 2022 are summarized as follows:

Collections, beginning of year	\$ 17,723,839
Accessions	721,855
Deaccessions	-
	\$ 18,445,694
Collections, end of year	\$ 18,445,694

**( 8 ) Retirement plan**

The Foundation has a defined contribution retirement plan covering all full-time employees after one year of service. The Foundation's contributions to the plan are 8.5% of total compensation paid to participants during the plan year. Participants are immediately fully vested in their plan interests. Contributions to the plan for the year ended June 30, 2022 totaled \$280,600.

**( 9 ) Net assets**

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

	Net Assets with Donor Restrictions		
	Expendable Net Assets	Nonexpendable* Net Assets	Total
Scholarships	\$ 29,411,704	\$ 134,414,759	\$ 163,826,463
Educational support	16,726,271	52,200,355	68,926,626
Athletics	245,814	170,009	415,823
Buildings and grounds	15,137,369	1,901,384	17,038,753
Museum support	22,682,451	4,333,591	27,016,042
Library support	798,956	2,347,181	3,146,137
Other	38,915,107	26,335,329	65,250,436
	\$ 123,917,672	\$ 221,702,608	\$ 345,620,280

\*Nonexpendable net assets are held in perpetuity.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 9 ) Net assets (continued)**

Board designated quasi-endowment net assets without donor restrictions at June 30, 2022 are available for the following purposes:

Scholarships	\$ 479,958
Educational support	413,202
	<hr/>
	\$ 893,160
	<hr/>

**( 10 ) Endowment funds**

The Organization's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the 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 nonexpendable net assets with restrictions at (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization 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 programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, to achieve a total return, net of fees, equal to or greater than spending, administrative fees and inflation.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 10 ) Endowment funds (continued)**

The primary objective for the portfolio is for total return to be greater than the Consumer Price Index plus spending policy plus administrative fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy.* The Foundation has a policy of appropriating for distribution each year a payout based on the following criteria:

All Endowed Funds:

- A payout of 4% calculated on a twenty-quarter rolling market value average.
- If at June 30 a fund's estimated market value is less than 100% of the historical gift value less gift fees (net gift value), the fund will be monitored through December 31 to determine the payout as follows:
  - If a fund's market value decreases less than 10% from the prior fiscal year-end (i.e. June 30 through December 31), the payout will be determined by the tiered chart below. The fiscal year end value (June 30) will be the end of the 20-quarter rolling calculation.
  - If the fund's market value declines more than 10% from the prior fiscal year end (i.e. June 30 through December 31), the 20-quarter rolling average calculation will be reset, using the December 31 valuation as the 20<sup>th</sup> quarter. The payout will then be determined by the tiered chart below. These payouts will be approved by the Board of Directors of the Foundation prior to any notification being provided to Wichita State University.

<u>If the fund's estimated market value is:</u>	<u>Payout</u>	<u>Fee</u>
Greater than 100% of the net gift value	100%	1.65%
90% to 100% of the net gift value	100%	1.65%
80% to 89% of the net gift value	90%	1.65%
76% to 79% of the net gift value	80%	1.50%
Equal to or less than 75% of the net gift value	No payout	No fee

New endowment funds must reach and maintain an estimated fair market value of 110% of the net gift value by the end of 12 months and/or the measurement of the endowment pool at fiscal year end prior to being included in the normal payout calculation cycle.

In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, most of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 10 ) Endowment funds (continued)**

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$272,264,763	\$272,264,763
Board-designated endowment funds	893,160	-	893,160
Total funds	<u>\$ 893,160</u>	<u>\$272,264,763</u>	<u>\$273,157,923</u>

Endowment funds with donor restrictions that are required to be retained permanently either by explicit donor stipulations or UPMIFA totaled \$217,537,762 at June 30, 2022 (net of restricted pledges receivable of \$4,164,846).

The endowment net assets with donor restrictions include various endowment funds established by donors. A deficiency in donor restricted endowment funds exists when the net assets within a donor restricted endowment fund falls below the level required by donor stipulations or law. At June 30, 2022, donor restricted endowment funds totaling approximately \$15,377,000 were below the level required by the donors resulting in an endowment deficiency of approximately \$858,000. When donor endowment deficiencies exist, they are classified as a reduction of net assets with donor restrictions.

Changes in endowment net assets during the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 926,225</u>	<u>\$277,539,853</u>	<u>\$278,466,078</u>
Investment return (loss):			
Interest and dividend income	6,278	2,176,018	2,182,296
Realized and unrealized gains (losses)	7,418	(2,536,868)	(2,529,450)
Total investment return (loss)	<u>13,696</u>	<u>(360,850)</u>	<u>(347,154)</u>
Contributions	-	6,339,640	6,339,640
Appropriation of endowment assets for expenditure	<u>(46,761)</u>	<u>(11,253,880)</u>	<u>(11,300,641)</u>
Endowment net assets, end of year	<u>\$ 893,160</u>	<u>\$272,264,763</u>	<u>\$273,157,923</u>



**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 11 ) Concentrations**

One donor accounted for 22% of undiscounted pledges receivable at June 30, 2022.

A significant amount of contributions are provided by a few major contributors. It is always reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**( 12 ) Investments and fair value measurements**

The Organization reports required types of financial instruments in accordance with fair value accounting standards. Fair value is 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. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Organization reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient".

The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Investments meeting the criteria to utilize net asset value are also not required to be classified in one of the levels within the fair value hierarchy.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization recognizes transfers (if any) between levels in the fair value hierarchy at the end of the reporting period.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 12 ) Investments and fair value measurements (continued)**

Market price is affected by several factors, including the type of instrument and characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Organization's consolidated financial statements.

The fair value of equity stocks, mutual funds, U.S. Government Treasury and agency fixed income securities, and futures contracts is estimated using the reported price in the active market in which the individual securities are traded (level 1).

The fair value of corporate bonds and debentures and municipal bonds is based on yields currently available on comparable securities of issuers with similar credit ratings (level 2).

The fair value of mortgage and asset-backed securities is based on inferred market pricing which utilizes assets that are matrix priced based on observable data for similar securities such as collateralized mortgage obligations (level 2).

The fair value of beneficial interests in trusts is estimated as the Organization's proportionate share of the estimated fair value of the beneficial interest using quoted market prices, interest rates, yield curves and unobservable inputs including the present value calculation of expected future distributions (level 3).

The fair value of hedge funds and venture capital/private equity is determined through consideration of the net asset values provided by the fund manager and other market factors. Other factors include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment.

The classification of investments by level within the valuation hierarchy and measured on a recurring basis as of June 30, 2022 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity stocks				
Domestic	\$ 5,545,794	\$ 5,545,794	\$ -	\$ -
International	500	500	-	-
Mutual funds				
Treasury	13,758,149	13,758,149	-	-
Diversified	2,309,796	2,309,796	-	-
Domestic equities	9,493,106	9,493,106	-	-
International equities	8,963,721	8,963,721	-	-
Fixed income securities				
U.S. Government Treasury and agency	10,054,949	10,054,949	-	-
Corporate bonds and debentures	42,137,339	-	42,137,339	-
Municipal bonds	6,423,996	-	6,423,996	-
Mortgage and asset-backed securities	3,554,140	-	3,554,140	-
Beneficial interests in trusts	21,031,106	-	-	21,031,106
	<u>\$123,272,596</u>	<u>\$ 50,126,015</u>	<u>\$ 52,115,475</u>	<u>\$ 21,031,106</u>
Investments at NAV (Practical Expedient)	198,828,943			
Total Investments	<u>\$322,101,539</u>			

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 12 ) Investments and fair value measurements (continued)**

Activity for investments categorized as level 3 within the fair value hierarchy for the year ended June 30, 2022 is as follows:

Balance July 1, 2021	\$ 25,999,674
Change in fair value	(3,967,710)
Distributions	<u>(1,000,858)</u>
Balance June 30, 2022	<u>\$ 21,031,106</u>

A summary of investments utilizing the net asset value practical expedient and their attributes are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long / short equity hedge funds (a)	\$ 13,576,718	\$ -	Monthly - 25% Calendar Quarter	30 - 180 Days
Event driven hedge funds (b)	9,082,876	-	12.5% - 25% Calendar Quarter	67 - 90 Days
Multi-strategy hedge funds (c)	18,059,447	-	12.5% - 25% Calendar Quarter	90 Days
Global macro (d)	4,019,011	-	Monthly - 25% Calendar Quarter	31 - 60 Days
Venture capital (e)	28,347,280	15,596,951	Illiquid	N/A
Growth / private equity (f)	52,531,223	24,542,559	Illiquid	N/A
Real assets (g)	14,456,722	2,742,683	Illiquid	N/A
Public equity (h)	58,755,666	-	Monthly	30 - 60 Days
Total	<u>\$198,828,943</u>	<u>\$ 42,882,193</u>		

- a) This class reflects hedge funds that invest both long and short across global public equity markets. These funds provide exposure to growth and value styles of investing, exposure to companies across the market capitalization spectrum, and tend to feature net market exposure less than 100%. The fair values of these funds have been estimated using the net asset value per share of the investments.
- b) This class includes hedge funds that target catalyst-driven investment opportunities, often through long and short investments in convertible securities, credit, and merger arbitrage. The fair values of these funds have been estimated using the net asset value per share of the investments.
- c) This class includes hedge funds that pursue multiple strategies to diversify risk and reduce volatility. The fair values of these funds have been estimated using the net asset value per share of the investments.
- d) This class includes hedge funds that pursue investments based on macroeconomic views and are typically expressed in a discretionary or systematic fashion through long and short positions in instruments such as currencies, interest rates, and fixed income. The fair values of these funds have been estimated using the net asset value per share of the investments.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 12 ) Investments and fair value measurements (continued)**

- e) This class includes investments in privately held companies that are in the startup or early stages of their development. The fair values of these funds have been estimated using the net asset value of the underlying ownership interest in partners' capital. These investments cannot be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated.
- f) This class includes investments in privately held companies that are more established but in need of additional capital to grow or restructure. The fair values of these funds have been estimated using the net asset value of the underlying ownership interest in partners' capital. These investments cannot be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated.
- g) This class includes investments in privately held companies within the energy industry along with real estate-related investments. The fair values of these funds have been estimated using the net asset value of the underlying ownership interest in partners' capital. These investments cannot be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated.
- h) This class includes funds that investment in traditional publicly traded equities. the fair values of these funds have been estimated using the net asset value per share of the investments.

**( 13 ) Equity method investment**

The Organization owns 49.75% of the shares of Maize Avenue, Inc. The Organization uses the equity method to account for its financial interest in Mazie Avenue, Inc. The following presents the activity of the Organization's equity method investment for the year ending June 30, 2022:

Balance July 1, 2021	\$ 2,758,722
Equity in earnings of subsidiary	165,857
Distributions received	<u>(298,500)</u>
Balance June 30, 2022	<u>\$ 2,626,079</u>

Summarized unaudited financial information for Maize Avenue, Inc., which is accounted for under the equity method, as of June 30, 2022, is as follows:

Total assets	\$ 3,635,679
Less: total liabilities	<u>164,092</u>
Total equity	<u>\$ 3,471,587</u>
Income	\$ 1,105,193
Less: expenses	<u>771,811</u>
Net income	<u>\$ 333,382</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 14 ) Fair value of financial instruments**

Financial instruments for which the Organization did not elect the fair value option includes cash and cash equivalents, pledges receivable, the cash surrender value of life insurance, accounts payable and accrued expenses, and annuities payable.

The fair value of the Organization's cash and cash equivalents and accounts payable and accrued expenses was determined to approximate carrying value given the short-term nature of these instruments using level 2 fair value inputs. Net realizable values could be materially different from estimates at June 30, 2022. In addition, these estimates are only indicative of the value of the individual financial instruments and should not be considered an indication of the fair value of the Organization.

The fair value of the Organization's pledges receivable was determined to approximate carrying value which is estimated by discounting the future cash flows using the risk adjusted rates currently offered for deposits of similar remaining maturities which is a level 2 fair value measurement.

The fair value of the Organization's cash surrender value of life insurance was determined to approximate carrying value and is based on the Organization's share of the cash surrender value of each life insurance policy as represented by the respective life insurance company which is a level 2 fair value measurement.

The fair value of annuities payable was determined to approximate carrying value and is estimated by discounting the future cash flows using the risk adjusted rates at which similar agreements would be written for the same remaining maturities which is a level 2 fair value measurement.

**( 15 ) Agency transactions**

The liability accounts "Due to WSU Alumni Association, WSU Board of Trustees, WSU Departments and WSU Intercollegiate Athletic Association, Inc." represent the fair market value of the net cumulative transfers of these entities to the Organization, as well as earnings thereon.

Effective July 1, 2022, the WSU Alumni Association was merged into the Foundation and the remaining net assets of the WSU Alumni Association of approximately \$2,000,000 were transferred to the Foundation.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 16 ) Transfers from Wichita State University and WSU Board of Trustees**

Wichita State University was previously awarded a grant for scholarships and received approval to transfer the grant funds to the Foundation. The Foundation has a professional services agreement with Wichita State University for which the Foundation has agreed to the following:

- Place and maintain the funds in a separate fund
- Invest the funds and report to Wichita State University the amount of interest earned on a quarterly basis with interest being retained in the fund
- Issue checks for scholarship recipients as directed and requested by Wichita State University
- Issue a monthly financial statement for the fund to Wichita State University
- Maintain and keep records necessary for interested parties
- Additional items as identified in the agreement of less significance

In return for providing the above services, the Foundation will receive an annual administration fee equal to three-fourths of one percent (0.75%) of the scholarship's fund balance.

During the year ended June 30, 2022, the Foundation received \$500,000 in grant funds from Wichita State University.

In addition to the grant funds received from Wichita State University above, the Foundation received \$450,000 during the year ended June 30, 2022 from the National Institute of Aviation Research (NIAR). NIAR is a division of Wichita State University. The funds were transferred to the Foundation for investment to be used for purposes identified by NIAR.

Effective June 30, 2022, the lease for the Woodman Alumni Center owned by Wichita State University utilized by the Foundation for its operations was terminated and a new lease was executed effective July 1, 2022. The new lease provided the Foundation with additional space and has a two-year term through June 30, 2024 with two consecutive options to renew the lease for two years each. The rent within the lease agreement is set at \$1. The Foundation recognizes donated facility usage in conjunction with the lease agreement. See Note 17 to the consolidated financial statements for additional information on donated facility usage. Funds that were held by the WSU Board of Trustees for maintenance of the Woodman Alumni Center totaling \$310,147 were transferred to the Foundation effective June 30, 2022 to be used without restrictions. The receipt of these funds is presented as a transfer from the WSU Board of Trustees within the consolidated statement of activities for the year ended June 30, 2022.

**WICHITA STATE UNIVERSITY FOUNDATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**( 17 ) Contributions of nonfinancial assets**

Contributions of nonfinancial assets reported in the consolidated statement of activities at estimated fair value for the year ended June 30, 2022 include the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donated facility usage	\$ 111,224	\$ -	\$ 111,224
Collections	-	200,485	200,485
Total	\$ 111,224	\$ 200,485	\$ 311,709

It is the Foundation's policy to sell contributed nonfinancial assets immediately upon receipt unless restricted for use in a specific program by the donor, determined to have sufficient educational utility for use by Wichita State University, or the asset is expected to significantly appreciate in value based on market conditions. The Foundation did not sell or otherwise dispose of contributed nonfinancial assets during the year ended June 30, 2022.

The donated facility usage is contributed by Wichita State University for use of the Woodman Alumni Center by the Foundation for its operating location. The fair value of the donated facility usage is estimated utilizing market data for office space per square foot in the Wichita, Kansas geographic area. The donated facility usage is recognized as contributions of nonfinancial assets and management and general expenses on the consolidated statement of activities.

The contributed collections are restricted by the donors for display within the Foundation's museums and are reported within collections on the consolidated statement of financial position. The collections can only be sold if the Foundation's Board of Directors determines the purpose is no longer in the best interest of Wichita State University. The fair value of collections is estimated utilizing appraised values for similar assets in markets for which collection items are bought and sold for use in museums and/or private collections.

**( 18 ) COVID-19 pandemic**

During the 2020, local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries experienced disruption to business operations and the impact of reduced consumer spending. There is uncertainty surrounding the duration of the effects of the pandemic, its ultimate economic ramifications, and any additional government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of the date these consolidated financial statements were available to be issued, management believes that a material impact on the Organization's consolidated financial position and results of future operations is reasonably possible given the high volatility of investment markets.

**( 19 ) Subsequent events**

An evaluation of subsequent events was completed by management through September 29, 2022, which represents the date the financial statements were available to be issued.