

**MIDWEST CENTER FOR  
HOLOCAUST EDUCATION, INC.**

**YEARS ENDED JUNE 30, 2008 AND 2007**



**HOUSE PARK & DOBRATZ, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

YEARS ENDED JUNE 30, 2008 AND 2007

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**HOUSE PARK & DOBRATZ, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

STANLEY H. HOUSE  
STEPHEN M. PARK  
MICHAEL A. DOBRATZ  
STEVEN V. WIEBLER  
MARY H. STRATMAN

605 WEST 47TH STREET · SUITE 301  
KANSAS CITY, MISSOURI 64112  
TEL. (816) 931-3393  
FAX: (816) 931-9636

Independent Auditors' Report

Board of Directors  
Midwest Center for Holocaust Education, Inc.  
Overland Park, Kansas

We have audited the accompanying statements of financial position of Midwest Center for Holocaust Education, Inc. (the Organization) as of June 30, 2008 and 2007 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Center for Holocaust Education, Inc. as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*House Park & Dobratz, P.C.*

December 3, 2008

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

**STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2008 AND 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
Cash	\$ 126,384	\$ 22,265
Contributions receivable (Note 2)	63,294	90,552
Interest and dividends receivable	3,537	2,598
Inventory	26,490	26,490
Investments (Note 3)	2,101,222	2,350,746
Property and equipment (Note 4)	80,295	86,604
Exhibits	<u>41,245</u>	<u>41,245</u>
	<u>\$ 2,442,467</u>	<u>\$ 2,620,500</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	<u>\$ 514</u>	<u>\$ 58</u>
Net assets:		
Unrestricted:		
Available for general activities	148,690	364,253
Board-designated operating reserve	100,000	100,000
Board-designated endowment reserve	<u>301,564</u>	<u>235,125</u>
	550,254	699,378
Temporarily restricted (Note 5)	109,522	140,611
Permanently restricted	<u>1,782,177</u>	<u>1,780,453</u>
	<u>2,441,953</u>	<u>2,620,442</u>
	<u>\$ 2,442,467</u>	<u>\$ 2,620,500</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 30,148	\$ 134,230	\$ 1,724	\$ 166,102
Membership income	79,373			79,373
Program fees	10,157			10,157
Sales of books, videos and other materials	6,097			6,097
Investment loss (Note 3)	( 30,374)			( 30,374)
Other income	1,828			1,828
Net assets released from program restrictions	164,569	( 164,569)		
Transfers between net asset groups	<u>750</u>	<u>( 750)</u>		
	<u>262,548</u>	<u>( 31,089)</u>	<u>1,724</u>	<u>233,183</u>
Expenses:				
Program services	245,230			245,230
Management and general	148,936			148,936
Fundraising	<u>17,506</u>			<u>17,506</u>
	<u>411,672</u>			<u>411,672</u>
Change in net assets	( 149,124)	( 31,089)	1,724	( 178,489)
Net assets, beginning of year	<u>699,378</u>	<u>140,611</u>	<u>1,780,453</u>	<u>2,620,442</u>
Net assets, end of year	<u>\$ 550,254</u>	<u>\$ 109,522</u>	<u>\$ 1,782,177</u>	<u>\$ 2,441,953</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 95,269	\$ 151,666	\$ 12,651	\$ 259,586
Membership income	74,919			74,919
Program fees	7,367			7,367
Sales of books, videos and other materials	3,168			3,168
Investment income (Note 3)	266,989			266,989
Other income	3,628			3,628
Net assets released from program restrictions	201,199	( 201,199)		
Transfers between net asset groups	( 19,101)	( 7,726)	26,827	
	<u>633,438</u>	<u>( 57,259)</u>	<u>39,478</u>	<u>615,657</u>
Expenses:				
Program services	283,307			283,307
Management and general	133,358			133,358
Fundraising	<u>17,823</u>			<u>17,823</u>
	<u>434,488</u>			<u>434,488</u>
Change in net assets	198,950	( 57,259)	39,478	181,169
Net assets, beginning of year	<u>500,428</u>	<u>197,870</u>	<u>1,740,975</u>	<u>2,439,273</u>
Net assets, end of year	<u>\$ 699,378</u>	<u>\$ 140,611</u>	<u>\$ 1,780,453</u>	<u>\$ 2,620,442</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2008

	Citywide Holocaust essay contest	Holocaust education curriculum	Holocaust speakers bureau	<u>Exhibits</u>
Advertising and publicity				
Compensation and benefits	\$ 5,519	\$ 40,774	\$ 1,155	\$ 2,053
Computer	133	899	27	53
Contract labor	75			
Depreciation and amortization				
Gifts and awards	2,476	104		
Insurance	26	220	5	10
Meetings and hospitality	1,964	2,388	371	
Membership and dues		50		
Mileage	8	163		64
Miscellaneous		61		30
Other project expenses	150	455	715	
Payroll tax	371	2,848	81	122
Postage and delivery	993	247	26	
Printing and copying	1,528	1,345	117	30
Professional services				
Rent (Note 6)	330	2,770	66	132
Resource materials	2,506		302	
Speakers' fees			1,500	
Supplies	303	274	16	36
Telephone	43	357	9	17
Travel		1,236	7,679	
Videotape and book sales expense	141			
Workshops and conferences		413		
	<u>\$ 16,566</u>	<u>\$ 54,604</u>	<u>\$ 12,069</u>	<u>\$ 2,547</u>

<u>Resource center</u>	<u>Community programs</u>	<u>Other programs</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>
	\$ 910		\$ 910			\$ 910
\$ 13,403	34,023	\$ 13,103	110,030	\$ 86,985	\$ 9,212	206,227
722	1,008	106	2,948	3,360	947	7,255
493	5,412	1,000	6,980	1,026	717	8,723
				16,980		16,980
	50	1,075	3,705			3,705
1,060	199	21	1,541	2,816	47	4,404
	3,631	290	8,644	1,026		9,670
	95		145	305		450
112	624	158	1,129	179	10	1,318
80	740	108	1,019	1,487	536	3,042
33,498	779		35,597	842		36,439
771	1,974	761	6,928	5,579	599	13,106
589	4,544	73	6,472	1,055	935	8,462
810	5,795	83	9,708	928	3,780	14,416
				16,290		16,290
3,186	2,505	264	9,253	6,133	594	15,980
2,109		157	5,074			5,074
	8,000		9,500			9,500
50	1,028	46	1,753	1,254	53	3,060
111	323	34	894	731	76	1,701
	2,557	10,508	21,980	1,055		23,035
	466		607	718		1,325
			413	187		600
<u>\$ 56,994</u>	<u>\$ 74,663</u>	<u>\$ 27,787</u>	<u>\$ 245,230</u>	<u>\$ 148,936</u>	<u>\$ 17,506</u>	<u>\$ 411,672</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2007

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				\$ 16,654
Compensation and benefits	\$ 9,802	\$ 24,914	\$ 3,129	27,692
Computer	275	1,129	88	954
Contract labor	252	550	253	6,337
Depreciation and amortization				
Gifts and awards	2,533			8,116
Insurance	51	129	16	446
Meetings and hospitality	2,688	836	22	18,978
Membership and dues		175		
Mileage	48	113		541
Miscellaneous	150	100		1,320
Other project expenses				4,804
Payroll tax	679	1,761	214	1,810
Postage and delivery	771	272	95	14,819
Printing and copying	590	228	37	11,868
Professional services				
Rent (Note 6)	733	1,862	235	2,111
Resource materials	2,430			792
Speakers' fees			2,500	150
Supplies	332	146		1,562
Telephone	69	178	22	201
Travel		8,225	1,126	788
Videotape and book sales expense				193
Workshops and conferences				
	<u>\$ 21,403</u>	<u>\$ 40,618</u>	<u>\$ 7,737</u>	<u>\$ 120,136</u>

<u>Resource center</u>	<u>Community programs</u>	<u>Other programs</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>
	\$ 838		\$ 17,492			\$ 17,492
\$ 17,230	15,668	\$ 4,184	102,619	\$ 81,128	\$ 9,822	193,569
850	485	97	3,878	2,162	276	6,316
58	3,996	2,538	13,984	2,115	1,099	17,198
				13,848		13,848
		19	10,668	257		10,925
848	89	15	1,594	2,724	51	4,369
	1,113	531	24,168	113		24,281
			175	400		575
84	131	23	940	174	22	1,136
71	984	154	2,779	1,262	383	4,424
13,266	60		18,130	487		18,617
1,029	908	268	6,669	5,575	669	12,913
721	2,090	436	19,204	884	1,266	21,354
108	4,838	137	17,806	1,077	3,378	22,261
				7,978		7,978
2,059	1,290	220	8,510	6,172	733	15,415
535	599	920	5,276			5,276
			2,650			2,650
311	176	92	2,619	4,019	55	6,693
126	122	20	738	582	69	1,389
	302	12,774	23,215	948		24,163
			193	1,178		1,371
				275		275
<u>\$ 37,296</u>	<u>\$ 33,689</u>	<u>\$ 22,428</u>	<u>\$ 283,307</u>	<u>\$ 133,358</u>	<u>\$ 17,823</u>	<u>\$ 434,488</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	(\$ 178,489)	\$ 181,169
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,980	13,848
Realized gains on investments	( 82,179)	( 47,913)
Unrealized gains (losses) on investments	180,463	( 154,449)
Changes in operating assets and liabilities:		
Contributions receivable	27,258	17,944
Interest and dividends receivable	( 939)	( 138)
Accounts payable and accrued expenses	<u>456</u>	<u>( 3,748)</u>
Net cash provided (used) by operating activities	<u>( 36,450)</u>	<u>6,713</u>
Cash flows from investing activities:		
Purchase of property and equipment	( 10,671)	( 10,952)
Net (purchases of) proceeds from investments	<u>151,240</u>	<u>( 16,801)</u>
Net cash provided (used) by investing activities	<u>140,569</u>	<u>( 27,753)</u>
Net increase (decrease) in cash	104,119	( 21,040)
Cash, beginning of year	<u>22,265</u>	<u>43,305</u>
Cash, end of year	<u>\$ 126,384</u>	<u>\$ 22,265</u>

See notes to financial statements.

# MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

### 1. Organization and summary of significant accounting policies:

#### *Organization:*

Midwest Center for Holocaust Education (the Organization) provides educational programs and resources about the Holocaust to the Greater Kansas City community and throughout the Midwest. The Organization is supported primarily through private donor contributions and grants and is a beneficiary agency of the Jewish Federation of Greater Kansas City.

#### *Investments and concentrations of credit risk:*

Investments include mutual funds as well as pooled equity funds managed by the Jewish Community Foundation of Greater Kansas City (the Foundation). Investments are reported at fair value based on quoted market prices.

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash, investments and pledges receivable. The Organization maintains cash and investments with various major financial institutions. The Organization performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution. Balances occasionally exceed federally insured limits. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risks, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

A majority of contributions are from individuals and corporate and charitable entities in the Greater Kansas City area. The Organization believes that its provision for uncollectible pledges is adequate to mitigate any credit risk related to pledges receivable.

#### *Property and equipment and depreciation:*

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

#### *Functional allocation of expenses:*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support service.

#### *Exhibits:*

The Organization capitalizes its Holocaust exhibits at cost if purchased or at fair value if donated. No depreciation is recorded.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED JUNE 30, 2008 AND 2007**

**1. Organization and summary of significant accounting policies (continued):**

*Basis of accounting:*

All financial transactions have been recorded in and reported by the following net asset groups:

Unrestricted net assets, including Board-designated net assets, represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.

Temporarily restricted net assets represent resources available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor-designated time period. Resources of these funds originate from gifts and grants.

Permanently restricted net assets are those contributions whose use by the Organization is limited by donor-imposed stipulations that the corpus be held in perpetuity.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Income taxes:*

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the accompanying financial statements.

*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 the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

*Collections:*

The Organization has collections of video recordings and other archival materials that are used in connection with its educational programs. In 2008 and 2007, the Organization expensed approximately \$34,000 and \$13,000, respectively, in costs related to the conversion of video materials to digital format (Note 7).

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2008 AND 2007

**2. Contributions receivable:**

	<u>2008</u>	<u>2007</u>
Receivable in less than one year	\$ 52,810	\$ 53,059
Receivable in one to five years	<u>17,850</u>	<u>49,389</u>
	70,660	102,448
Less discounts to net present value	( 2,939)	( 7,469)
Less allowance for uncollectible contributions	<u>( 4,427)</u>	<u>( 4,427)</u>
	<u>\$ 63,294</u>	<u>\$ 90,552</u>

The present value of contributions receivable was calculated using a discount rate of 6.5%.

Contributions receivable, before discounts and allowance, consist of the following:

Unrestricted	\$ 15,010	
Temporarily restricted	36,000	
Permanently restricted	<u>19,650</u>	
	<u>\$ 70,660</u>	

**3. Investments:**

Investments comprise the following:

	<u>2008</u>	<u>2007</u>
U.S. Government agency obligation mutual fund	\$ 708	\$ 40,645
U.S. Treasury money market account	75,264	72,682
Indexed bond funds	905,520	649,978
International stock fund	87,593	
Investment pool at the Foundation	723,801	775,359
Mutual fund, S&P 500	306,336	461,239
Certificates of deposit		348,843
Israel bonds	<u>2,000</u>	<u>2,000</u>
	<u>\$ 2,101,222</u>	<u>\$ 2,350,746</u>

Investment income (loss) comprises the following:

Interest and dividend income	\$ 79,552	\$ 73,417
Investment expenses	( 11,642)	( 8,790)
Realized gains	82,179	47,913
Unrealized gains (losses)	<u>( 180,463)</u>	<u>154,449</u>
	<u>(\$ 30,374)</u>	<u>\$ 266,989</u>

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2008 AND 2007

**4. Property and equipment:**

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	31,569	31,569
Computers	84,926	74,255
Resource materials	<u>12,531</u>	<u>12,531</u>
	288,830	278,159
Accumulated depreciation and amortization	<u>( 208,535)</u>	<u>( 191,555)</u>
	<u>\$ 80,295</u>	<u>\$ 86,604</u>

**5. Temporarily restricted net assets:**

Temporarily restricted net assets are available for the following:

	<u>2008</u>	<u>2007</u>
Community programming	\$ 21,526	\$ 8,767
Educational curriculum	4,000	984
Essay contest	12,341	9,084
Equipment purchase		10,000
Strategic planning	5,000	
Holocaust book project	6,413	16,250
Holocaust Education Academic Roundtable	1,502	1,951
Future operating costs	20,000	37,633
Memorial maintenance	1,000	1,000
Memory project	1,224	2,553
Resource center	2,531	3,150
Speakers bureau		1,840
Collective Voices	7,500	
Witness Archive	<u>26,486</u>	<u>47,399</u>
	<u>\$ 109,522</u>	<u>\$ 140,611</u>

**6. Rent:**

The Organization rents space from the Jewish Community Campus of Greater Kansas City, Inc. under terms of an annual operating agreement. Rent expense for the years ended June 30, 2008 and 2007 was \$15,980 and \$15,415, respectively. Rent for the year ending June 30, 2009 will be \$16,430.

**7. Related party transactions:**

In connection with the Witness Archive program, which includes editing video recordings and converting them to digital format, the Organization used the services of a video production company owned by a member of the Board of Governors. In 2008 and 2007, respectively, the Organization expensed \$33,498 and \$13,266 in costs in connection with these services, including \$12,750 in donated services in 2008.