

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

YEARS ENDED JUNE 30, 2010 AND 2009



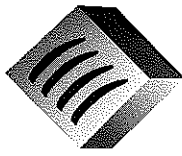
HOUSE PARK & DOBRATZ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

YEARS ENDED JUNE 30, 2010 AND 2009

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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, 2010 and 2009 and the related statements of activities and changes in net assets, 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, 2010 and 2009 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 13, 2010

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Cash	\$ 19,851	\$ 20,317
Contributions and grants receivable (Note 2)	37,550	15,986
Interest and dividends receivable		2,974
Inventory	26,490	26,490
Investments (Note 3)	1,961,855	1,889,379
Property and equipment (Note 4)	46,636	62,961
Exhibits	<u>41,245</u>	<u>41,245</u>
	<u>\$ 2,133,627</u>	<u>\$ 2,059,352</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 2,161</u>	<u>\$ 741</u>
Net assets:		
Unrestricted:		
Available for general activities	39,565	85,396
Board-designated endowment reserve	307,303	284,404
Deficiency of fair value of donor-designated endowment fund (Note 8)	<u>(40,822)</u>	<u>(159,216)</u>
	306,046	210,584
Temporarily restricted (Note 5)	38,024	62,231
Permanently restricted (Note 8)	<u>1,787,396</u>	<u>1,785,796</u>
	<u>2,131,466</u>	<u>2,058,611</u>
	<u>\$ 2,133,627</u>	<u>\$ 2,059,352</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 82,841	\$ 131,960		\$ 214,801
Membership income	71,540			71,540
Program fees	5,649			5,649
Sales of books, videos and other materials	4,156			4,156
Investment income (Note 3)	33,204			33,204
Other income	1,796			1,796
Net assets released from program restrictions	162,189	(162,189)		
Transfers between net asset groups	(1,600)	_____	\$ 1,600	_____
	<u>359,775</u>	<u>(30,229)</u>	<u>1,600</u>	<u>331,146</u>
Expenses:				
Program services	286,109			286,109
Management and general	144,448			144,448
Fundraising	<u>15,896</u>			<u>15,896</u>
	<u>446,453</u>			<u>446,453</u>
Change in net assets before realized and unrealized gains	(86,678)	(30,229)	1,600	(115,307)
Realized and unrealized gains (Note 3)	<u>182,140</u>	<u>6,022</u>	_____	<u>188,162</u>
Change in net assets	95,462	(24,207)	1,600	72,855
Net assets, beginning of year	<u>210,584</u>	<u>62,231</u>	<u>1,785,796</u>	<u>2,058,611</u>
Net assets, end of year	<u>\$ 306,046</u>	<u>\$ 38,024</u>	<u>\$ 1,787,396</u>	<u>\$ 2,131,466</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 34,030	\$ 94,260	\$ 3,619	\$ 131,909
Membership income	80,785			80,785
Program fees	10,525			10,525
Sales of books, videos and other materials	3,273	15		3,288
Investment income (Note 3)	60,315			60,315
Other income	1,776			1,776
Net assets released from program restrictions	136,245	(136,245)		
Transfers between net asset groups	(1,127)	1,127		
	<u>325,822</u>	<u>(40,843)</u>	<u>3,619</u>	<u>288,598</u>
Expenses:				
Program services	232,137			232,137
Management and general	151,265			151,265
Fundraising	<u>22,967</u>			<u>22,967</u>
	<u>406,369</u>			<u>406,369</u>
Change in net assets before realized and unrealized losses	(80,547)	(40,843)	3,619	(117,771)
Realized and unrealized losses (Note 3)	(259,123)	(6,448)		(265,571)
Change in net assets	(339,670)	(47,291)	3,619	(383,342)
Net assets, beginning of year	<u>550,254</u>	<u>109,522</u>	<u>1,782,177</u>	<u>2,441,953</u>
Net assets, end of year	<u>\$ 210,584</u>	<u>\$ 62,231</u>	<u>\$ 1,785,796</u>	<u>\$ 2,058,611</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				\$ 18,504
Bad debt recoveries				
Compensation and benefits	\$ 4,774	\$ 30,770	\$ 456	30,204
Computer	123	2,131		688
Contract labor	195	370		7,764
Depreciation and amortization (Note 4)				
Gifts and awards	1,842			1,104
Insurance	89	496		1,496
Meetings and hospitality	2,669	1,163	28	18,535
Membership and dues				
Mileage	6	(78)	60	928
Miscellaneous			60	827
Other project expenses	399			14,496
Payroll tax	328	2,193	34	2,089
Postage and delivery	710	588	10	5,168
Printing and copying	855	1,354	18	8,979
Professional services				
Rent (Note 6)	337	1,888		1,888
Resource materials	1,856	107	271	1,034
Speakers' fees				6,200
Supplies	140	150		784
Telephone	42	242		235
Travel		53	8,056	3,708
Videotape and book sales expense				2,325
Workshops and conferences		450		
	<u>\$ 14,365</u>	<u>\$ 41,877</u>	<u>\$ 8,993</u>	<u>\$ 126,956</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>
	\$ 999		\$ 19,503			\$ 19,503
				(\$ 3,127)		(3,127)
\$ 12,573	36,209	\$ 4,324	119,310	92,715	\$ 8,217	220,242
711	860	98	4,611	1,966	197	6,774
224	1,913	1,784	12,250	4,209	1,085	17,544
				16,325		16,325
	61		3,007	37		3,044
1,007	620	70	3,778	1,416	142	5,336
	1,355	644	24,394	135		24,529
	45		45	310	95	450
77	318	39	1,350	81		1,431
142	1,336		2,365	2,590	346	5,301
12,751	647		28,293	90		28,383
779	2,332	285	8,040	5,662	551	14,253
345	1,242	179	8,242	1,145	1,165	10,552
597	2,944	225	14,972	2,461	3,482	20,915
				9,212		9,212
3,189	2,360	270	9,932	5,394	539	15,865
185			3,453			3,453
			6,200	(800)		5,400
100	306		1,480	2,314	10	3,804
101	295	34	949	671	67	1,687
	(700)		11,117	1,442		12,559
43			2,368			2,368
			450	200		650
<u>\$ 32,824</u>	<u>\$ 53,142</u>	<u>\$ 7,952</u>	<u>\$ 286,109</u>	<u>\$ 144,448</u>	<u>\$ 15,896</u>	<u>\$ 446,453</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				
Compensation and benefits	\$ 8,322	\$ 36,273	\$ 1,891	\$ 2,717
Computer	223	954	56	84
Contract labor	215	2,869		215
Depreciation and amortization (Note 4)				
Gifts and awards	1,626			
Insurance	41	177	10	15
Meetings and hospitality	530	1,566	179	
Membership and dues		125		
Mileage	8	381	96	43
Miscellaneous	150	833		
Other project expenses		400	806	
Payroll tax	556	2,516	127	166
Postage and delivery	480	569	3	
Printing and copying	925	1,714	59	235
Professional services				
Rent (Note 6)	560	2,380	140	210
Resource materials	772	1,620	276	283
Speakers' fees		800		
Supplies	264	503	14	
Telephone	74	320	19	28
Travel		3,261	9,385	53
Videotape and book sales expense				
Workshops and conferences		<u>1,112</u>		
	<u>\$ 14,746</u>	<u>\$ 58,373</u>	<u>\$ 13,061</u>	<u>\$ 4,049</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>
	\$ 2,423		\$ 2,423			\$ 2,423
\$ 25,195	28,387	\$ 11,591	114,376	\$ 88,460	\$ 13,361	216,197
2,157	835	184	4,493	2,283	2,865	9,641
	5,612	754	9,665	4,265	646	14,576
				17,334		17,334
	48		1,674	146		1,820
1,113	155	31	1,542	2,785	62	4,389
	2,180	31	4,486	703	22	5,211
	45		170	310	95	575
149	450	79	1,206	255	36	1,497
25	1,853	816	3,677	4,535	256	8,468
20,138	9,082		30,426			30,426
1,409	1,644	686	7,104	5,726	868	13,698
663	2,981	104	4,800	621	838	6,259
1,265	4,647	1,821	10,666	1,437	2,838	14,941
				12,582		12,582
4,081	2,100	420	9,891	5,741	840	16,472
1,910	97		4,958			4,958
	1,000		1,800			1,800
52	767	85	1,685	1,800	129	3,614
241	278	56	1,016	761	111	1,888
	2,053		14,752	688		15,440
11	204		215	545		760
			1,112	288		1,400
<u>\$ 58,409</u>	<u>\$ 66,841</u>	<u>\$ 16,658</u>	<u>\$ 232,137</u>	<u>\$ 151,265</u>	<u>\$ 22,967</u>	<u>\$ 406,369</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 72,855	(\$ 383,342)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	16,325	17,334
Realized (gains) losses on investments	(46,235)	66,348
Unrealized (gains) losses on investments	(141,927)	199,223
Changes in operating assets and liabilities:		
Contributions and grants receivable	(21,564)	47,308
Interest and dividends receivable	2,974	563
Accounts payable and accrued expenses	<u>1,420</u>	<u>227</u>
Net cash used by operating activities	(<u>116,152</u>)	(<u>52,339</u>)
Cash flows from investing activities, net (purchases of) proceeds from investments	<u>115,686</u>	(<u>53,728</u>)
Net decrease in cash	(466)	(106,067)
Cash, beginning of year	<u>20,317</u>	<u>126,384</u>
Cash, end of year	<u>\$ 19,851</u>	<u>\$ 20,317</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

1. Organization and summary of significant accounting policies:

Organization:

Midwest Center for Holocaust Education, Inc. (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.

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.

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). Cost is determined by purchase price or fair value on date received, if donated. Investments in mutual funds are reported at fair value based on quoted market prices.

The Organization accounts for investments at the Foundation using net asset value as a practical expedient to fair value because these investments have a readily determined value and transact frequently. The underlying holdings of the Foundation funds are valued by the Foundation using quoted market prices for publicly traded securities and fair value for other investments, using methodologies relevant to each asset class as provided by the respective investment custodians. The valuations provided by the Foundation are routinely evaluated by management, and management believes such values are reasonable. Unrealized gains and losses are included in the change in net assets.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

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

Investments and concentrations of credit risk (continued):

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash, investments and grants and contributions 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 rarely 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 grants and contributions is adequate to mitigate any credit risk related to grants and contributions receivable.

Property and equipment and depreciation:

Property and equipment are stated at cost, if purchased, or at fair value on the date received, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years. The Organization regularly reviews long-lived assets for impairment.

Expenditures of \$2,500 or more for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

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, 2010 AND 2009

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

Income taxes:

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Effective July 1 2009, the Organization adopted the provisions of FASB Accounting Standards Codification Section 740-10 (ASC 740-10) related to uncertain tax positions. The effect of the adoption of ASC 740-10 had no impact on the Organization's financial statements. The Organization's current accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes. The Organization is no longer subject to audits by the IRS for periods prior to June 30, 2007.

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.

Resource materials:

The Organization has resource materials, video recordings and other archival materials that are used in connection with its educational programs. The Organization uses the base-stock method to account for its resource materials, whereby the original materials were capitalized and additional costs in subsequent years are expensed. In 2010 and 2009, respectively, the Organization expensed approximately \$13,000 and \$21,000, respectively, in costs related to the conversion of video materials to digital format (Note 7).

Subsequent events:

Subsequent events have been evaluated through December 13, 2010, which is the date the financial statement were available to be issued.

2. Contributions and grants receivable:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 34,300	\$ 14,750
Receivable in one to five years	<u>4,250</u>	<u>6,700</u>
	38,550	21,450
Less discounts to net present value		(1,037)
Less allowance for uncollectible contributions	(1,000)	(4,427)
	<u>\$ 37,550</u>	<u>\$ 15,986</u>

The present value of contributions receivable was calculated using a discount rate of 6.5% in 2009.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

3. Investments:

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2010:			
U.S Government agency obligation mutual fund	\$ 11,774	\$ 11,774	
Indexed bond funds	737,472	781,413	\$ 43,941
International stock fund	100,000	62,679	(37,321)
Investments at the Foundation	884,368	858,241	(26,127)
Mutual fund, S&P 500	273,095	246,748	(26,347)
Israel bonds	<u>1,000</u>	<u>1,000</u>	
Balance, end of year	<u>\$ 2,007,709</u>	<u>\$ 1,961,855</u>	(45,854)
Balance, beginning of year	<u>\$ 2,077,160</u>	<u>\$ 1,889,379</u>	(187,781)
Unrealized gains for the year			141,927
Realized gains for the year			<u>46,235</u>
Net realized and unrealized gains			<u>\$ 188,162</u>
June 30, 2009:			
U.S Government agency obligation mutual fund	\$ 1,772	\$ 1,772	
U.S. Treasury money market account	50,796	50,796	
Indexed bond funds	841,678	847,747	\$ 6,069
International stock fund	100,000	59,071	(40,929)
Investments at the Foundation	808,819	708,711	(100,108)
Mutual fund, S&P 500	273,095	220,282	(52,813)
Israel bonds	<u>1,000</u>	<u>1,000</u>	
Balance, end of year	<u>\$ 2,077,160</u>	<u>\$ 1,889,379</u>	(187,781)
Balance, beginning of year	<u>\$ 2,089,780</u>	<u>\$ 2,101,222</u>	11,442
Unrealized losses for the year			(199,223)
Realized losses for the year			<u>(66,348)</u>
Net realized and unrealized losses			<u>(\$ 265,571)</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

3. Investments (continued):

Investment income comprises the following:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 39,077	\$ 64,410
Investment expenses	(5,873)	(4,095)
	<u>\$ 33,204</u>	<u>\$ 60,315</u>

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosure* (ASC 820-10). ASC 820-10 defines fair value as the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date and 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 including quoted prices in active markets for similar assets and Level 3 inputs consist of unobservable inputs that are supported by little or no market activity and have the lowest priority.

The Organization has adopted the measurement provisions of FASB Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, to certain investments in funds that do not have readily determinable fair values, including pooled investment funds at the Foundation. This guidance amends ASC 820 and permits, as a practical expedient, the use of net asset value or its equivalent for the estimation of the fair value of investments for which the investment does not have a readily determinable fair value. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to ASC 820.

Following is a summary of the inputs used in valuing the investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
June 30, 2010:			
Money market and mutual funds	\$ 1,102,614		\$ 1,102,614
Investments at the Foundation		\$ 858,241	858,241
Israel bonds	<u> </u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,102,614</u>	<u>\$ 859,241</u>	<u>\$ 1,961,855</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

3. Investments (continued):

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
June 30, 2009:			
Money market and mutual funds	\$ 1,179,668		1,179,668
Investments at the Foundation		\$ 708,711	708,711
Israel bonds	<u> </u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,179,668</u>	<u>\$ 709,711</u>	<u>\$ 1,889,379</u>

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

The fair value of money market and mutual funds is based on quoted values of the funds held by the Organization at year-end.

Level 2 Fair Value Measurements

Investments in Israel bonds and units in pooled investment funds at JCF are reported at net asset value as a practical expedient to estimate the fair value of the Organization's interest therein. Classification as Level 2 is based on the Organization's ability to redeem its interest at or near the date of the statement of financial position. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

4. Property and equipment:

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	31,568	31,568
Computers	84,927	84,927
Resource materials	<u>12,531</u>	<u>12,531</u>
	288,830	288,830
Accumulated depreciation and amortization	<u>(242,194)</u>	<u>(225,869)</u>
	<u>\$ 46,636</u>	<u>\$ 62,961</u>

Depreciation expense totaled \$16,325 and \$17,334 for the years ended June 30, 2010 and 2009, respectively.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

5. Temporarily restricted net assets:

As of June 30, 2010 and 2009, net assets were restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
Benefits		\$ 7,289
Collective Voices	\$ 4,361	6,549
Community programming	7,830	7,506
Educational curriculum		704
Essay contest	3,193	9,904
Exhibit, Curious George		14,165
Exhibit, Deadly Medicine	13,932	
Holocaust Education Academic Roundtable	1,949	1,643
Memorial maintenance	999	911
Memory project		68
Resource center	1,441	1,185
Strategic planning		585
Witness Archive	<u>4,319</u>	<u>11,722</u>
	<u>\$ 38,024</u>	<u>\$ 62,231</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, 2010 and 2009 was \$15,865 and \$16,472, respectively.

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 2010 and 2009, respectively, the Organization expensed \$12,751 and \$20,138 in costs in connection with these services, including \$4,675 and \$7,825, respectively, in donated services. These amounts are included under Resource Center in the statement of functional expenses and are included in contributions and grants in the statement of activities and changes in net assets.

8. Endowment funds:

In accordance with accounting guidance in ASC 958-205, the Organization is required to make certain disclosures about endowments (both donor-restricted funds and board-designated funds) including the Organization's policy for determining the permanently restricted portion of the endowment funds.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

8. Endowment funds (continued):

The Organization's permanently restricted net assets consist of two individual funds established for a variety of purposes and include both a donor-restricted endowment fund and a fund designated by the Board of Directors. The Organization's policy requires the preservation of the fair value as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Based on its interpretation of state law regarding management of endowment funds, the Organization classifies as permanently restricted net assets the original value of the gifts to the permanent endowment, the fair value of any subsequent gifts to the endowment and any accumulation required to be made by donor stipulation. Amounts in excess of the stated value of permanently restricted funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

The Organization has investment and expenditure policies that consider the purpose of the donor-restricted fund, general economic conditions, and expected investment returns. From time to time, the fair value of net assets associated with individual donor-restricted endowment funds may fall below the level the donor required the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be appropriated from unrestricted funds. As of June 30, 2010 these deficiencies totaled \$40,822.

Endowment net assets composition by type of fund as of June 30, 2010 and 2009 is as follows:

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-designated endowment fund	(\$ 40,822)		\$ 1,787,396	\$ 1,746,574
Board-designated endowment reserve	<u>307,303</u>			<u>307,303</u>
	<u>\$ 266,481</u>	<u>\$ -</u>	<u>\$ 1,787,396</u>	<u>\$ 2,053,877</u>
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-designated endowment fund	(\$ 159,216)		\$ 1,785,796	\$ 1,626,580
Board-designated endowment reserve	<u>284,404</u>			<u>284,404</u>
	<u>\$ 125,188</u>	<u>\$ -</u>	<u>\$ 1,785,796</u>	<u>\$ 1,910,984</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2010 AND 2009

8. Endowment funds (continued):

Change in endowment net assets for the years ended June 30, 2010 and 2009 are as follows:

	2010			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, beginning of year	\$ 125,188	\$ -	\$ 1,785,796	\$ 1,910,984
Contributions	3,037			3,037
Net realized and unrealized gains	135,906			135,906
Transfers from undesignated	<u>2,350</u>		<u>1,600</u>	<u>3,950</u>
Balance, end of year	<u>\$ 266,481</u>	<u>\$ -</u>	<u>\$ 1,787,396</u>	<u>\$ 2,053,877</u>
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 301,564		\$ 1,782,177	\$ 2,083,741
Transfer to comply with ASC 958	(9,042)	\$ 9,042		
Contributions	2,784		3,619	6,403
Net realized and unrealized losses	(243,934)	(9,042)		(252,976)
Transfers from net assets, available for general activities	<u>73,816</u>			<u>73,816</u>
Balance, end of year	<u>\$ 125,188</u>	<u>\$ -</u>	<u>\$ 1,785,796</u>	<u>\$ 1,910,984</u>