

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

**YEARS ENDED JUNE 30, 2013 AND 2012**



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

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

YEARS ENDED JUNE 30, 2013 AND 2012

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**HOUSE PARK DOBRATZ & WIEBLER, P.C.**  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Midwest Center for Holocaust Education, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(continued)

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*House Park Dobratz & Wiebler, P.C.*

Kansas City, Missouri  
December 9, 2013

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

**STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2013 AND 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
Cash	\$ 53,642	\$ 17,824
Contributions and grants receivable (Note 2)	11,096	29,177
Dividends receivable	1,330	3,348
Inventory	26,490	26,490
Investments (Note 3)	2,231,662	2,165,057
Property and equipment (Note 4)	11,316	26,730
Exhibits	<u>41,245</u>	<u>41,245</u>
	<u>\$ 2,376,781</u>	<u>\$ 2,309,871</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	<u>\$ 228</u>	<u>\$ 649</u>
Net assets:		
Unrestricted:		
Available for general activities	( 75,925)	( 28,090)
Board-designated endowment (Note 8)	<u>354,143</u>	<u>332,539</u>
	278,218	304,449
Temporarily restricted (Note 5)	310,739	222,177
Permanently restricted (Note 8)	<u>1,787,596</u>	<u>1,782,596</u>
	<u>2,376,553</u>	<u>2,309,222</u>
	<u>\$ 2,376,781</u>	<u>\$ 2,309,871</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 52,784	\$ 109,958	\$ 5,000	\$ 167,742
Membership income	90,298			90,298
Program fees	8,990			8,990
Sales of books, videos and other materials	1,305			1,305
Investment income (Note 3)	94,656	70,796		165,452
Other income	4,916			4,916
Net assets released from program restrictions	<u>92,192</u>	<u>( 92,192)</u>	<u>          </u>	<u>          </u>
	<u>345,141</u>	<u>88,562</u>	<u>5,000</u>	<u>438,703</u>
Expenses:				
Program services	173,471			173,471
Management and general	174,487			174,487
Fundraising	<u>23,414</u>			<u>23,414</u>
	<u>371,372</u>			<u>371,372</u>
Change in net assets	( 26,231)	88,562	5,000	67,331
Net assets, beginning of year	<u>304,449</u>	<u>222,177</u>	<u>1,782,596</u>	<u>2,309,222</u>
Net assets, end of year	<u>\$ 278,218</u>	<u>\$ 310,739</u>	<u>\$ 1,787,596</u>	<u>\$ 2,376,553</u>

See notes to financial statements.

**MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants (Note 7)	\$ 33,125	\$ 68,706		\$ 101,831
Special events, net of direct expenses of \$142,711	161,788			161,788
Membership income	78,921			78,921
Program fees	3,458			3,458
Sales of books, videos and other materials	1,658			1,658
Investment income (loss) (Note 3)	52,715	( 57,793)		( 5,078)
Other income	5,301			5,301
Transfer	( 15,200)	20,000	(\$ 4,800)	
Net assets released from program restrictions	<u>97,697</u>	<u>( 97,697)</u>		
	<u>419,463</u>	<u>( 66,784)</u>	<u>( 4,800)</u>	<u>347,879</u>
Expenses:				
Program services	175,466			175,466
Management and general	177,904			177,904
Fundraising	<u>72,897</u>			<u>72,897</u>
	<u>426,267</u>			<u>426,267</u>
Change in net assets	( 6,804)	( 66,784)	( 4,800)	( 78,388)
Net assets, beginning of year	<u>311,253</u>	<u>288,961</u>	<u>1,787,396</u>	<u>2,387,610</u>
Net assets, end of year	<u>\$ 304,449</u>	<u>\$ 222,177</u>	<u>\$ 1,782,596</u>	<u>\$ 2,309,222</u>

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				
Bad debts				
Compensation and benefits	\$ 5,162	\$ 40,516	\$ 201	\$ 916
Computer	447	1,578		
Contract labor	325	836		
Depreciation and amortization (Note 4)				
Gifts and awards	2,166			
Insurance	57	600		
Meetings and hospitality	1,702	1,194	215	
Membership and dues				
Mileage		187	114	40
Miscellaneous		1		
Other project expenses				
Payroll tax	380	2,920	15	70
Postage and delivery	77	642	6	
Printing and copying	860	2,692	22	
Professional services				
Rent (Note 6)	441	4,626		
Resource materials	174		245	290
Speakers' fees				
Supplies	97	232		
Telephone	22	230		
Travel		1,697	7,232	
Videotape and book sales expense				
Workshops and conferences		150		
	<u>\$ 11,910</u>	<u>\$ 58,101</u>	<u>\$ 8,050</u>	<u>\$ 1,316</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>
	\$ 899		\$ 899			\$ 899
				(\$ 400)		( 400)
\$ 2,378	54,527	\$ 664	104,364	106,394	\$ 12,959	223,717
529	1,370		3,924	2,996	423	7,343
	4,928		6,089	3,051	433	9,573
				15,414		15,414
			2,166	174		2,340
239	643		1,539	2,778	172	4,489
	2,273		5,384	1,234		6,618
				250	125	375
25	128	23	517	87		604
46	203	137	387	4,648	207	5,242
	1,376		1,376			1,376
177	4,046	51	7,659	7,795	955	16,409
256	2,095		3,076	3,028	1,306	7,410
1	5,852	1	9,428	3,114	5,280	17,822
				9,230		9,230
2,668	4,957		12,692	10,465	1,322	24,479
411	208		1,328			1,328
	500		500			500
	656		985	2,201	166	3,352
11	247		510	521	66	1,097
539	341		9,809	1,257		11,066
280	334		614			614
	75		225	250		475
<u>\$ 7,560</u>	<u>\$ 85,658</u>	<u>\$ 876</u>	<u>\$ 173,471</u>	<u>\$ 174,487</u>	<u>\$ 23,414</u>	<u>\$ 371,372</u>

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				
Bad debts				
Compensation and benefits	\$ 6,788	\$ 43,081	\$ 736	\$ 413
Computer	451	1,085	27	
Contract labor	412	1,107		
Depreciation and amortization (Note 4)				
Gifts and awards	1,766			
Insurance	31	196	300	
Loss on disposal of assets				
Meetings and hospitality	1,180	2,414		
Membership and dues				
Mileage		225	86	
Miscellaneous				
Other project expenses (Note 7)	220		75	
Payroll tax	439	2,858	55	29
Postage and delivery	496	1,540	3	
Printing and copying	325	2,005	35	
Professional services				
Rent (Note 6)	642	4,064		
Resource materials	364	6	211	
Speakers' fees		5,000		
Supplies	183	113		
Telephone	32	202		
Travel		2,706	6,578	
Videotape and book sales expense		219	( 76)	
Workshops and conferences		50		
	<u>\$ 13,329</u>	<u>\$ 66,871</u>	<u>\$ 8,030</u>	<u>\$ 442</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		\$ 999		\$ 2,007	\$ 3,006
\$ 29			29	\$ 97		126
8,423	34,182	\$ 3,856	97,479	103,748	29,200	230,427
685	958	76	3,282	2,294	1,591	7,167
	2,583	300	4,402	9,147	6,466	20,015
				18,171		18,171
			1,766		513	2,279
254	196	15	992	3,751	1,390	6,133
				73		73
	796	65	4,455	424	4,959	80
	50		50	325		375
106	289	53	759	293	89	1,141
25	1,124	174	1,323	3,708	1,296	6,327
7,857	820	1,160	10,132		10,000	20,132
574	2,269	265	6,489	7,137	1,921	15,547
151	949		3,139	1,764	4,961	9,864
2	4,002	2,538	8,907	4,824	11,225	24,956
				8,938		8,938
2,853	4,064	321	11,944	10,112	1,711	23,767
350			931		35	966
	1,000		6,000			6,000
	61		357	1,667	327	2,351
43	202	16	495	485	85	1,065
	1,160		10,444	696		11,140
396	503		1,042			1,042
			50	250		300
<u>\$ 21,748</u>	<u>\$ 56,207</u>	<u>\$ 8,839</u>	<u>\$ 175,466</u>	<u>\$ 177,904</u>	<u>\$ 72,897</u>	<u>\$ 426,267</u>

See notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 67,331	(\$ 78,388)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	15,414	18,171
Loss on disposal of property and equipment		73
Realized gains on investments	( 53,211)	( 31,898)
Unrealized (gains) losses on investments	( 82,400)	66,884
Changes in operating assets and liabilities:		
Contributions and grants receivable	18,081	13,277
Dividends receivable	2,018	249
Prepaid expenses		6,439
Accounts payable and accrued expenses	( 421)	( 869)
Deferred revenue		<u>( 43,000)</u>
Net cash used by operating activities	<u>( 33,188)</u>	<u>( 49,062)</u>
Cash flows from investing activities, net proceeds from investments	<u>69,006</u>	<u>61,954</u>
Net increase in cash	35,818	12,892
Cash, beginning of year	<u>17,824</u>	<u>4,932</u>
Cash, end of year	<u>\$ 53,642</u>	<u>\$ 17,824</u>

See notes to financial statements.

# MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

### 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 (Note 8), 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.

#### *Fair value of financial instruments:*

Fair value is defined as 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. U.S. generally accepted accounting principles (GAAP) 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 carrying amount of financial instruments including cash, contributions and grants receivable, dividends receivable, inventory, accounts payable and accrued expenses approximated fair values as of June 30, 2013 and 2012, due to their short-term nature. The fair value of investments is disclosed in Note 3.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

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

*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 statement of activities and change in net assets.

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 its bank accounts at institutions where accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. 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 statement 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 contributions and grants 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED JUNE 30, 2013 AND 2012**

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

*Exhibits:*

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

*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 2013 and 2012, respectively, the Organization expensed approximately \$0 and \$7,857, respectively, in costs related to the conversion of video materials to digital format (Note 7).

*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.

*Income taxes:*

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization's accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Organization has no uncertain income tax positions for the years ended June 30, 2013 and 2012. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2010. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

*Use of estimates:*

The preparation of financial statements in conformity with GAAP 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.

*Subsequent events:*

Subsequent events have been evaluated through December 9, 2013, which is the date the financial statement were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**2. Contributions and grants receivable:**

	<u>2013</u>	<u>2012</u>
Receivable within one year	\$ 10,671	\$ 29,152
Receivable thereafter	<u>425</u>	<u>425</u>
	11,096	29,577
Allowance for uncollectible contributions	<u>          </u>	( 400)
	<u>\$ 11,096</u>	<u>\$ 29,177</u>

**3. Investments:**

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2013:			
U.S. Government agency obligation mutual fund	\$ 1,773	\$ 1,773	
Indexed bond fund	633,417	666,633	\$ 33,216
International stock fund	80,870	72,564	( 8,306)
Investments at the Foundation	967,580	1,104,789	137,209
Mutual fund, S&P 500	273,095	384,903	111,808
Israel bonds	<u>1,000</u>	<u>1,000</u>	
Balance, end of year	<u>\$ 1,957,735</u>	<u>\$ 2,231,662</u>	273,927
Balance, beginning of year	<u>\$ 1,973,530</u>	<u>\$ 2,165,057</u>	191,527
Unrealized gains for the year			<u>\$ 82,400</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**3. Investments (continued):**

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2012:			
U.S. Government agency obligation mutual fund	\$ 1,773	\$ 1,773	
Indexed bond fund	678,819	743,207	\$ 64,388
International stock fund	80,870	66,889	( 13,981)
Investments at the Foundation	937,973	1,025,781	87,808
Mutual fund, S&P 500	273,095	326,407	53,312
Israel bonds	<u>1,000</u>	<u>1,000</u>	
Balance, end of year	<u>\$ 1,973,530</u>	<u>\$ 2,165,057</u>	191,527
Balance, beginning of year	<u>\$ 2,003,586</u>	<u>\$ 2,261,997</u>	258,411
Unrealized losses for the year			<u>(\$ 66,884)</u>

Investment income (loss) comprises the following:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 36,801	\$ 36,669
Investment expenses	( 6,960)	( 6,761)
Realized gains	53,211	31,898
Unrealized gains (losses)	<u>82,400</u>	<u>( 66,884)</u>
	<u>\$ 165,452</u>	<u>(\$ 5,078)</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.

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, 2013:			
Mutual funds	\$ 1,125,873		\$ 1,125,873
Investments at the Foundation		\$ 1,104,789	1,104,789
Israel bonds		<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,125,873</u>	<u>\$ 1,105,789</u>	<u>\$ 2,231,662</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**3. Investments (continued):**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
June 30, 2012:			
Mutual funds	\$ 1,138,276		\$ 1,138,276
Investments at the Foundation		\$ 1,025,781	1,025,781
Israel bonds	<u>                    </u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,138,276</u>	<u>\$ 1,026,781</u>	<u>\$ 2,165,057</u>

Investments in Israel bonds and units in pooled investment funds at the Foundation 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>2013</u>	<u>2012</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	31,568	31,568
Computers and website	97,457	97,457
Resource materials	<u>12,531</u>	<u>12,531</u>
	301,360	301,360
Accumulated depreciation and amortization	( 290,044)	( 274,630)
	<u>\$ 11,316</u>	<u>\$ 26,730</u>

Depreciation and amortization expense totaled \$15,414 and \$18,171 for the years ended June 30, 2013 and 2012, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**5. Temporarily restricted net assets:**

	<u>2013</u>	<u>2012</u>
Net assets restricted for programs and operations:		
Rent	\$ 8,027	\$ 9,050
Community outreach	2,625	3,170
Community programming	5,129	6,856
Education curriculum	17,544	18,415
Essay contest	2,449	2,120
Exhibits	34,248	11,575
Holocaust Education Academic Roundtable	5,317	1,454
Memorial maintenance	648	638
Resource center	479	812
Together We Remember	83	398
Website	5,268	6,906
Witness Archive	<u>2,508</u>	<u>2,822</u>
Net assets restricted for programs and operations	84,325	64,216
Endowment investment appreciation (Note 8)	<u>226,414</u>	<u>157,961</u>
	<u>\$ 310,739</u>	<u>\$ 222,177</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, 2013 and 2012 was \$24,479 and \$23,767, respectively.

**7. Related party transactions:**

In connection with the 18th anniversary celebration in fiscal 2012 and 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 Council of Advocates, an advisory group to the Board. In fiscal 2012, the Organization expensed \$25,312 in costs in connection with these services, including \$13,236 in donated services. These donated services are included in other project expenses in the statement of functional expenses and are included in contributions and grants in the statement of activities and changes in net assets. There were no related party expenses or donated services in fiscal 2013.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**8. Endowment funds:**

In accordance with GAAP, 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.

The Organization's endowments consist of two individual funds established for a variety of purposes, 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 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 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 the endowment 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 GAAP, deficiencies of this nature would be appropriated from unrestricted funds.

Endowment net assets composition by type of fund as of June 30, 2013 and 2012 is as follows:

	2013			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-designated endowment		\$ 226,414	\$ 1,787,596	\$ 2,014,010
Board-designated endowment	\$ 354,143	_____	_____	354,143
	<u>\$ 354,143</u>	<u>\$ 226,414</u>	<u>\$ 1,787,596</u>	<u>\$ 2,368,153</u>
	2012			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-designated endowment		\$ 157,961	\$ 1,782,596	\$ 1,940,557
Board-designated endowment	\$ 332,539	_____	_____	332,539
	<u>\$ 332,539</u>	<u>\$ 157,961</u>	<u>\$ 1,782,596</u>	<u>\$ 2,273,096</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

**8. Endowment funds (continued):**

Changes in endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

	2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 332,539	\$ 157,961	\$ 1,782,596	\$ 2,273,096
Contributions	10,000		5,000	15,000
Net realized and unrealized gains	11,604	68,453		80,057
Balance, end of year	\$ 354,143	\$ 226,414	\$ 1,787,596	\$ 2,368,153
	2012			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 331,630	\$ 213,576	\$ 1,787,396	\$ 2,332,602
Contributions	10,000			10,000
Net realized and unrealized losses	( 9,091)	( 55,615)		( 64,706)
Transfers out			( 4,800)	( 4,800)
Balance, end of year	\$ 332,539	\$ 157,961	\$ 1,782,596	\$ 2,273,096