

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

YEARS ENDED JUNE 30, 2014 AND 2013



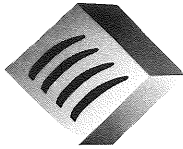
HOUSE PARK DOBRATZ & WIEBLER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

YEARS ENDED JUNE 30, 2014 AND 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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, 2014

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Cash	\$ 90,944	\$ 53,642
Contributions and grants receivable (Note 2)	28,496	11,096
Dividends receivable	1,923	1,330
Inventory	26,490	26,490
Investments (Note 3)	2,492,919	2,231,662
Property and equipment (Note 4)	4,996	11,316
Exhibits	<u>41,263</u>	<u>41,245</u>
	<u>\$ 2,687,031</u>	<u>\$ 2,376,781</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ <u>871</u>	\$ <u>228</u>
Net assets:		
Unrestricted:		
Available for general activities	7,931	(75,925)
Board-designated endowment (Note 7)	<u>380,596</u>	<u>354,143</u>
	388,527	278,218
Temporarily restricted (Note 5)	508,037	310,739
Permanently restricted (Note 7)	<u>1,789,596</u>	<u>1,787,596</u>
	<u>2,686,160</u>	<u>2,376,553</u>
	<u>\$ 2,687,031</u>	<u>\$ 2,376,781</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 158,756	\$ 174,184	\$ 2,000	\$ 334,940
Membership income	79,309			79,309
Program fees	5,466			5,466
Sales of books, videos and other materials	806			806
Investment income (Note 3)	144,312	158,161		302,473
Other income	4,077			4,077
Net assets released from program restrictions	<u>135,047</u>	<u>(135,047)</u>	<u> </u>	<u> </u>
	<u>527,773</u>	<u>197,298</u>	<u>2,000</u>	<u>727,071</u>
Expenses:				
Program services	225,227			225,227
Management and general	175,578			175,578
Fundraising	<u>16,659</u>			<u>16,659</u>
	<u>417,464</u>			<u>417,464</u>
Change in net assets	110,309	197,298	2,000	309,607
Net assets, beginning of year	<u>278,218</u>	<u>310,739</u>	<u>1,787,596</u>	<u>2,376,553</u>
Net assets, end of year	<u>\$ 388,527</u>	<u>\$ 508,037</u>	<u>\$ 1,789,596</u>	<u>\$ 2,686,160</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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				\$ 4,704
Compensation and benefits	\$ 4,058	\$ 39,714	\$ 102	25,439
Computer	240	1,492		
Contract labor	100	75	100	12,115
Depreciation and amortization (Note 4)				
Gifts and awards	1,757			10
Insurance	24	271		
Meetings and hospitality	2,831	1,397	32	9,171
Membership and dues				
Mileage	3	149	38	432
Miscellaneous				8,495
Other project expenses				2,000
Payroll tax	297	2,845	7	1,911
Postage and delivery	430	1,910		6,270
Printing and copying	478	1,703	270	12,145
Professional services				
Rent (Note 6)	346	3,981		
Resource materials	1,211		273	3,065
Speakers' fees				1,000
Supplies	261	156		697
Telephone	25	284		
Travel		1,236	6,378	1,274
Workshops and conferences		500		
	<u>\$ 12,061</u>	<u>\$ 55,713</u>	<u>\$ 7,200</u>	<u>\$ 88,278</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>
	\$ 1,699		\$ 6,403	\$ 140		\$ 6,543
\$ 3,272	27,209	\$ 395	100,189	99,080	\$ 7,449	206,718
598	2,521	120	4,971	850	808	6,629
617	3,224		16,231	15,220	800	32,251
				13,063		13,063
			1,767		651	2,418
12	248	11	566	3,870	94	4,530
	310		13,741	707	13	14,461
				325		325
15	36		673	205	11	889
25	1,109		9,629	4,017	97	13,743
2,736	1,410		6,146			6,146
243	1,945	25	7,273	7,124	507	14,904
344	1,234		10,188	862	985	12,035
930	3,540		19,066	3,574	3,693	26,333
				9,300		9,300
2,930	3,635	173	11,065	13,024	1,385	25,474
318	69		4,936			4,936
	190		1,190			1,190
	93		1,207	1,570	65	2,842
12	264	13	598	558	101	1,257
			8,888	1,739		10,627
			500	350		850
<u>\$ 12,052</u>	<u>\$ 48,736</u>	<u>\$ 737</u>	<u>\$ 225,227</u>	<u>\$ 175,578</u>	<u>\$ 16,659</u>	<u>\$ 417,464</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.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 309,607	\$ 67,331
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	13,063	15,414
Realized gains on investments	(70,824)	(53,211)
Unrealized gains on investments	(184,615)	(82,400)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(17,400)	18,081
Dividends receivable	(593)	2,018
Accounts payable and accrued expenses	<u>643</u>	<u>(421)</u>
Net cash provided (used) by operating activities	<u>49,881</u>	<u>(33,188)</u>
Cash flows from investing activities:		
Net proceeds from (purchases of) investments	(5,818)	69,006
Purchases of property and equipment and exhibit	<u>(6,761)</u>	<u> </u>
Net cash provided (used) by investing activities	<u>(12,579)</u>	<u>69,006</u>
Net increase in cash	37,302	35,818
Cash, beginning of year	<u>53,642</u>	<u>17,824</u>
Cash, end of year	<u>\$ 90,944</u>	<u>\$ 53,642</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

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 7), 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, 2014 and 2013, 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, 2014 AND 2013

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 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, 2014 AND 2013

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.

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, 2014 and 2013. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2011. 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, 2014, 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, 2014 AND 2013

2. Contributions and grants receivable:

	<u>2014</u>	<u>2013</u>
Receivable within one year	\$ 28,496	\$ 10,671
Receivable thereafter	<u> </u>	<u>425</u>
	<u>\$ 28,496</u>	<u>\$ 11,096</u>

3. Investments:

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2014:			
U.S. Government agency obligation mutual fund	\$ 1,773	\$ 1,773	
Indexed bond fund	857,416	904,202	\$ 46,786
International stock fund	80,870	86,072	5,202
Investments at the Foundation	820,223	1,029,748	209,525
Mutual fund, S&P 500	273,095	470,124	197,029
Israel bonds	<u>1,000</u>	<u>1,000</u>	<u> </u>
Balance, end of year	<u>\$ 2,034,377</u>	<u>\$ 2,492,919</u>	458,542
Balance, beginning of year	<u>\$ 1,957,735</u>	<u>\$ 2,231,662</u>	<u>273,927</u>
Unrealized gains for the year			<u>\$ 184,615</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>	<u> </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>	<u>191,527</u>
Unrealized gains for the year			<u>\$ 82,400</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

3. Investments (continued):

Investment income comprises the following:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 53,709	\$ 36,801
Investment expenses	(6,675)	(6,960)
Realized gains	70,824	53,211
Unrealized gains	<u>184,615</u>	<u>82,400</u>
	<u>\$ 302,473</u>	<u>\$ 165,452</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, 2014:			
Mutual funds	\$ 1,462,171		\$ 1,462,171
Investments at the Foundation		\$ 1,029,748	1,029,748
Israel bonds	<u> </u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,462,171</u>	<u>\$ 1,030,748</u>	<u>\$ 2,492,919</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> </u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,125,873</u>	<u>\$ 1,105,789</u>	<u>\$ 2,231,662</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.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

4. Property and equipment:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	31,568	31,568
Computers and website	104,201	97,457
Resource materials	<u>12,531</u>	<u>12,531</u>
	308,104	301,360
Accumulated depreciation and amortization	(303,108)	(290,044)
	<u>\$ 4,996</u>	<u>\$ 11,316</u>

Depreciation and amortization expense totaled \$13,063 and \$15,414 for the years ended June 30, 2014 and 2013, respectively.

5. Temporarily restricted net assets:

	<u>2014</u>	<u>2013</u>
Net assets restricted for programs and operations:		
Rent	\$ 8,277	\$ 8,027
Community outreach	3,100	2,625
Community programming	2,805	5,129
Education curriculum	4,295	17,544
Essay contest	240	2,449
Exhibits	110,347	34,248
Holocaust Education Academic Roundtable		5,317
Memorial maintenance	669	648
Resource center	406	479
Together We Remember		83
Website		5,268
Witness Archive		<u>2,508</u>
Net assets restricted for programs and operations	130,139	84,325
Endowment investment appreciation (Note 7)	<u>377,898</u>	<u>226,414</u>
	<u>\$ 508,037</u>	<u>\$ 310,739</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, 2014 and 2013 was \$25,474 and \$24,479, respectively.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

7. 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, 2014 and 2013 is as follows:

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-designated endowment		\$ 377,898	\$ 1,789,596	\$ 2,167,494
Board-designated endowment	\$ 380,596	_____	_____	380,596
	<u>\$ 380,596</u>	<u>\$ 377,898</u>	<u>\$ 1,789,596</u>	<u>\$ 2,548,090</u>
	2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
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>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

7. Endowment funds (continued):

Changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

	2014			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 354,143	\$ 226,414	\$ 1,787,596	\$ 2,368,153
Contributions			2,000	2,000
Net realized and unrealized gains	<u>26,463</u>	<u>151,484</u>	<u> </u>	<u>177,937</u>
Balance, end of year	<u>\$ 380,596</u>	<u>\$ 377,898</u>	<u>\$ 1,789,596</u>	<u>\$ 2,548,090</u>
	2013			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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	<u>11,604</u>	<u>68,453</u>	<u> </u>	<u>80,057</u>
Balance, end of year	<u>\$ 354,143</u>	<u>\$ 226,414</u>	<u>\$ 1,787,596</u>	<u>\$ 2,368,153</u>