

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

YEARS ENDED JUNE 30, 2015 AND 2014



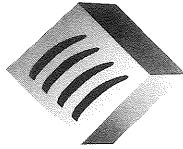
HOUSE PARK DOBRATZ & WIEBLER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

YEARS ENDED JUNE 30, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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
February 3, 2016

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 86,132	\$ 90,944
Contributions and grants receivable (Note 2)	34,676	28,496
Dividends receivable	1,791	1,923
Inventory	26,490	26,490
Investments (Note 3)	2,406,192	2,492,919
Property and equipment (Note 4)	2,664	4,996
Exhibits	<u>41,263</u>	<u>41,263</u>
	<u>\$ 2,599,208</u>	<u>\$ 2,687,031</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ <u>7,372</u>	\$ <u>871</u>
Commitments (Note 6)		
Net assets:		
Unrestricted:		
Available for general activities	34,173	7,931
Board-designated endowment (Note 7)	<u>405,969</u>	<u>380,596</u>
	440,142	388,527
Temporarily restricted (Note 5)	337,098	508,037
Permanently restricted (Note 7)	<u>1,814,596</u>	<u>1,789,596</u>
	<u>2,591,836</u>	<u>2,686,160</u>
	<u>\$ 2,599,208</u>	<u>\$ 2,687,031</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 129,672	\$ 126,544	\$ 25,000	\$ 281,216
Membership income	91,811			91,811
Program fees	6,515			6,515
Sales of books, videos and other materials	1,887			1,887
Investment income (Note 3)	109,977	(99,021)		10,956
Other income	4,115			4,115
Net assets released from program restrictions	<u>198,462</u>	<u>(198,462)</u>	<u> </u>	<u> </u>
	<u>542,439</u>	<u>(170,939)</u>	<u>25,000</u>	<u>396,500</u>
Expenses:				
Program services	350,217			350,217
Management and general	128,362			128,362
Fundraising	<u>12,245</u>	<u> </u>	<u> </u>	<u>12,245</u>
	<u>490,824</u>	<u> </u>	<u> </u>	<u>490,824</u>
Change in net assets	51,615	(170,939)	25,000	(94,324)
Net assets, beginning of year	<u>388,527</u>	<u>508,037</u>	<u>1,789,596</u>	<u>2,686,160</u>
Net assets, end of year	<u>\$ 440,142</u>	<u>\$ 337,098</u>	<u>\$ 1,814,596</u>	<u>\$ 2,591,836</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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				\$ 10,660
Compensation and benefits	\$ 6,823	\$ 32,643	\$ 2,008	46,237
Computer	103	514		753
Contract labor	401	925		18,124
Depreciation and amortization (Note 4)				
Gifts and awards	1,652			163
Insurance	30	149		217
Meetings and hospitality	2,000	1,518		12,271
Membership and dues				
Mileage	5	367	41	536
Miscellaneous		65		63
Other project expenses				
Payroll tax	487	2,317	151	3,227
Postage and delivery	552		4	13,968
Printing and copying (Note 6)	687	1,937	53	13,605
Professional services				
Rent (Note 6)	637	3,182		4,668
Resource materials	202			(51)
Speakers' fees				6,900
Supplies	239	90		3,275
Telephone	36	178		261
Travel		1,537	5,211	17,747
Workshops and conferences		481		
	<u>\$ 13,854</u>	<u>\$ 45,903</u>	<u>\$ 7,468</u>	<u>\$ 152,624</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>
	\$ 959		\$ 11,619	\$ 280		\$ 11,899
\$ 10,181	39,244	\$ 517	137,653	80,303	\$ 5,538	223,494
549	582		2,501	1,301	171	3,973
5,677	3,177		28,304	6,148	423	34,875
				2,332		2,332
	18		1,833	176		2,009
287	169		852	3,953	50	4,855
	3,020		18,809	835		19,644
				325		325
	101	55	1,105	88		1,193
25	85	223	461	2,863	333	3,657
42,606	1,000		43,606			43,606
724	2,815	39	9,760	6,730	363	16,853
631	799		15,954	235	746	16,935
1,390	4,949		22,621	1,614	3,448	27,683
				9,300		9,300
3,515	3,607		15,609	7,001	1,061	23,671
365			516	61		577
	400		7,300			7,300
	468	1	4,073	2,150	53	6,276
59	201		735	391	59	1,185
	1,680		26,175	1,926		28,101
	250		731	350		1,081
<u>\$ 66,009</u>	<u>\$ 63,524</u>	<u>\$ 835</u>	<u>\$ 350,217</u>	<u>\$ 128,362</u>	<u>\$ 12,245</u>	<u>\$ 490,824</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 (Note 6)	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.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	(\$ 94,324)	\$ 309,607
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,332	13,063
Realized gains on investments	(74,016)	(70,824)
Unrealized (gains) losses on investments	115,226	(184,615)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(6,180)	(17,400)
Dividends receivable	132	(593)
Accounts payable and accrued expenses	<u>6,501</u>	<u>643</u>
Net cash provided (used) by operating activities	(<u>50,329</u>)	<u>49,881</u>
Cash flows from investing activities:		
Net proceeds from (purchases of) investments	45,517	(5,818)
Purchases of property and equipment and exhibit	<u>-</u>	<u>(6,761)</u>
Net cash provided (used) by investing activities	<u>45,517</u>	<u>(12,579)</u>
Net increase (decrease) in cash	(4,812)	37,302
Cash, beginning of year	<u>90,944</u>	<u>53,642</u>
Cash, end of year	<u>\$ 86,132</u>	<u>\$ 90,944</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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, 2015 AND 2014

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

Investments and concentrations of credit risk:

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.

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.

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 grants and contributions receivable are from individuals and corporate and charitable entities in the Greater Kansas City area. The Organization believes that all grants and contributions are collectible and, therefore, no provision for uncollectible grants and contributions is necessary.

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 three to fifteen 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, 2015 AND 2014

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.

Contributed goods and services:

The Organization receives in-kind donations, including exhibit materials rental, auditorium rental and advertising. For the year ended June 30, 2015, in-kind donations totaling \$45,432 were included in contributions and grants.

Unpaid volunteers make contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Estimates and Assumptions:

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.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

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. 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, 2015 and 2014. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2012. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

Subsequent events:

Subsequent events have been evaluated through February 3, 2016, which is the date the financial statement were available to be issued.

2. Contributions and grants receivable:

	<u>2015</u>	<u>2014</u>
Receivable within one year	\$ 19,676	\$ 28,496
Receivable within two to five years	<u>15,000</u>	<u> </u>
	<u>\$ 34,676</u>	<u>\$ 28,496</u>

3. Investments:

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2015:			
U.S. Government agency obligation mutual fund	\$ 1,773	\$ 1,773	-
Indexed bond fund	857,416	895,017	\$ 37,601
International stock fund	80,870	79,924	(946)
Investments at the Foundation	849,722	934,577	84,855
Mutual fund, S&P 500	<u>273,095</u>	<u>494,901</u>	<u>221,806</u>
Balance, end of year	<u>\$ 2,062,876</u>	<u>\$ 2,406,192</u>	343,316
Balance, beginning of year	<u>\$ 2,034,377</u>	<u>\$ 2,492,919</u>	<u>458,542</u>
Unrealized losses for the year			<u>(\$ 115,226)</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

3. Investments (continued):

	<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>

Investment income comprises the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 56,947	\$ 53,709
Investment expenses	(4,781)	(6,675)
Realized gains	74,016	70,824
Unrealized gains (losses)	<u>(115,226)</u>	<u>184,615</u>
	<u>\$ 10,956</u>	<u>\$ 302,473</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, 2015:			
Mutual funds	\$ 1,471,615		\$ 1,471,615
Investments at the Foundation	<u> </u>	<u>\$ 934,577</u>	<u>934,577</u>
	<u>\$ 1,471,615</u>	<u>\$ 934,577</u>	<u>\$ 2,406,192</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

3. Investments (continued):

	<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>

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>2015</u>	<u>2014</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	31,568	31,568
Computers and website	40,075	104,201
Resource materials	<u>12,531</u>	<u>12,531</u>
	243,978	308,104
Accumulated depreciation and amortization	(<u>241,314</u>)	(<u>303,108</u>)
	<u>\$ 2,664</u>	<u>\$ 4,996</u>

Depreciation and amortization expense totaled \$2,332 and \$13,063 for the years ended June 30, 2015 and 2014, respectively.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

5. Temporarily restricted net assets:

	<u>2015</u>	<u>2014</u>
Net assets restricted for programs and operations:		
Rent		\$ 8,277
Community outreach	\$ 4,395	3,100
Community programming	1,429	2,805
Education curriculum	4,408	4,295
Essay contest		240
Exhibits	36,441	110,347
Memorial maintenance	686	669
Resource center	849	406
Witness Archive	<u>3,891</u>	<u> </u>
Net assets restricted for programs and operations	52,099	130,139
Endowment investment appreciation (Note 7)	<u>284,999</u>	<u>377,898</u>
	<u>\$ 337,098</u>	<u>\$ 508,037</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, 2015 and 2014 was \$23,671 and \$25,474, respectively.

The Organization also leases office equipment. Office equipment rent, included in printing and copying expense, was \$3,721 and \$3,915 for the years ended June 30, 2015 and 2014.

Future minimum annual payment under non-cancelable operating leases are as follows.

Years ended <u>June 30,</u>	<u>Amount</u>
2016	\$ 4,260
2017	4,260
2018	4,260
2019	<u>4,260</u>
	<u>\$ 17,040</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015 and 2014 is as follows:

	2015			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-designated endowment		\$ 284,999	\$ 1,814,596	\$ 2,099,595
Board-designated endowment	\$ 405,969	_____	_____	405,969
	<u>\$ 405,969</u>	<u>\$ 284,999</u>	<u>\$ 1,814,596</u>	<u>\$ 2,505,564</u>
	2014			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

7. Endowment funds (continued):

Changes in endowment net assets for the years ended June 30, 2015 and 2014 are as follows:

	2015			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 380,596	\$ 377,898	\$ 1,789,596	\$ 2,548,090
Contributions			25,000	25,000
Board designations	41,578			41,578
Net realized and unrealized losses	(16,205)	(92,899)	_____	(109,104)
Balance, end of year	<u>\$ 405,969</u>	<u>\$ 284,999</u>	<u>\$ 1,814,596</u>	<u>\$ 2,505,564</u>
	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>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>