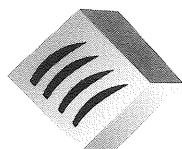


**MIDWEST CENTER FOR
HOLOCAUST EDUCATION, INC.**

YEARS ENDED JUNE 30, 2016 AND 2015



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

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

YEARS ENDED JUNE 30, 2016 AND 2015

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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, 2016 and 2015, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

House Park Dobratz & Wiebler, P.C.

Kansas City, Missouri
February 1, 2017

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 35,351	\$ 86,132
Contributions and grants receivable (Note 2)	5,000	34,676
Dividends receivable		1,791
Inventory	26,490	26,490
Investments (Note 3)	2,302,996	2,406,192
Property and equipment (Note 4)	416	2,664
Exhibits	<u>41,263</u>	<u>41,263</u>
	<u>\$ 2,411,516</u>	<u>\$ 2,599,208</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 867</u>	<u>\$ 7,372</u>
Commitments (Note 6)		
Net assets:		
Unrestricted:		
Available for general activities	41,813	34,173
Board-designated endowment (Note 7)	<u>402,673</u>	<u>405,969</u>
	444,486	440,142
Temporarily restricted (Note 5)	151,567	337,098
Permanently restricted (Note 7)	<u>1,814,596</u>	<u>1,814,596</u>
	<u>2,410,649</u>	<u>2,591,836</u>
	<u>\$ 2,411,516</u>	<u>\$ 2,599,208</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Contributions and grants	\$ 34,940	\$ 77,050		\$ 111,990
Membership income	104,935			104,935
Program fees	3,474			3,474
Sales of books, videos and other materials	1,379			1,379
Investment income (Note 3)	23,348	(17,334)		6,014
Other income	3,139			3,139
Net assets released from program restrictions	<u>245,247</u>	<u>(245,247)</u>		<u> </u>
	<u>416,462</u>	<u>(185,531)</u>		<u>230,931</u>
Expenses:				
Program services	227,650			227,650
Management and general	155,877			155,877
Fundraising	<u>28,591</u>			<u>28,591</u>
	<u>412,118</u>			<u>412,118</u>
Change in net assets	4,344	(185,531)		(181,187)
Net assets, beginning of year	<u>440,142</u>	<u>337,098</u>	<u>\$ 1,814,596</u>	<u>2,591,836</u>
Net assets, end of year	<u>\$ 444,486</u>	<u>\$ 151,567</u>	<u>\$ 1,814,596</u>	<u>\$ 2,410,649</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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				\$ 5,170
Compensation and benefits	\$ 9,529	\$ 35,788	\$ 2,953	10,975
Computer	140	895		175
Contract labor	828	854		5,378
Depreciation and amortization (Note 4)				
Gifts and awards	1,730			
Insurance	38	160		47
Meetings and hospitality	2,196	626	40	3,125
Membership and dues				
Mileage	25	460	42	255
Miscellaneous	35	613	310	881
Other project expenses				
Payroll tax	697	2,579	220	799
Postage and delivery	439	1,025		1,321
Printing and copying (Note 6)	633	1,345		1,835
Professional services				
Rent (Note 6)	922	3,920		1,153
Resource materials	81		101	11
Speakers' fees				3,500
Supplies	209	28		36
Telephone	49	208		61
Travel		1,886	6,876	4,358
Workshops and conferences		500		
	<u>\$ 17,551</u>	<u>\$ 50,887</u>	<u>\$ 10,542</u>	<u>\$ 39,080</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>
	\$ 1,449		\$ 6,619	\$ 234		\$ 6,853
\$ 3,431	62,133	\$ 1,885	126,694	105,319	\$ 16,900	248,913
594	910		2,714	1,365	245	4,324
3,797	4,218	285	15,360	4,414	797	20,571
				2,248		2,248
			1,730		394	2,124
19	244		508	4,374	66	4,948
	2,209		8,196	648		8,844
				325		325
	432	34	1,248	128	5	1,381
123	2,305	37	4,304	3,768	1,413	9,485
	2,203		2,203	365		2,568
252	4,315	143	9,005	7,949	1,214	18,168
114	1,393	97	4,389	1,292	2,047	7,728
298	4,491	149	8,751	920	3,126	12,797
				9,500		9,500
3,269	5,996		15,260	8,993	1,614	25,867
486	95		774			774
	150		3,650			3,650
521	982		1,776	1,451	685	3,912
24	317		659	476	85	1,220
	190		13,310	1,758		15,068
			500	350		850
<u>\$ 12,928</u>	<u>\$ 94,032</u>	<u>\$ 2,630</u>	<u>\$ 227,650</u>	<u>\$ 155,877</u>	<u>\$ 28,591</u>	<u>\$ 412,118</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Citywide Holocaust essay contest	Holocaust education curriculum	Holocaust speakers bureau	Exhibits
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.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	(\$ 181,187)	(\$ 94,324)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	2,248	2,332
Realized (gains) losses on investments	15,875	(74,016)
Unrealized losses on investments	20,629	115,226
Changes in operating assets and liabilities:		
Contributions and grants receivable	29,676	(6,180)
Dividends receivable	1,791	132
Accounts payable and accrued expenses	(6,505)	6,501
Net cash used by operating activities	(117,473)	(50,329)
Cash flows from investing activities, net proceeds from maturities of investments	<u>66,692</u>	<u>45,517</u>
Net decrease in cash	(50,781)	(4,812)
Cash, beginning of year	<u>86,132</u>	<u>90,944</u>
Cash, end of year	<u>\$ 35,351</u>	<u>\$ 86,132</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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.

Investments and concentrations of credit risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, grants and contributions receivable, and investments. The Organization maintains its bank accounts at institutions where accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances in these accounts rarely exceed federally insured limits.

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.

The Organization has investments in mutual funds and pooled investment funds. The pooled investment funds are at the Jewish Community Foundation of Greater Kansas City (the Foundation).

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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

Investments and concentrations of credit risk (continued):

Investments in mutual funds are stated at fair value. Investments in pooled investment funds at the Foundation are valued using net asset value as a practical expedient. 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. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Unrealized gains and losses are included in the change in net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported as net assets in the statements of financial position.

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.

Exhibits:

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

Inventory:

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.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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

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, 2016 and 2015, in-kind donations totaling \$365 and \$45,432, respectively, 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 accounting principles generally accepted in the United States of America (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.

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, 2016 and 2015. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2013. 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 1, 2017, 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, 2016 AND 2015

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

Recent accounting pronouncement:

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07, *Disclosures for Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. This standard update removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under Accounting Standards Codification 820. The standard update requires retrospective application and is effective for reporting periods beginning after December 15, 2016, with early adoption permitted. The Organization elected to early adopt this standard update for the year ended June 30, 2016. Accordingly, the financial statement disclosures were adjusted for both years presented. The adoption of this new standard update did not have a material impact on the Organization's financial statements.

2. Contributions and grants receivable:

	<u>2016</u>	<u>2015</u>
Receivable within one year	\$ 5,000	\$ 19,676
Receivable within two to five years	<u> </u>	<u>15,000</u>
	<u>\$ 5,000</u>	<u>\$ 34,676</u>

3. Investments:

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2016:			
Indexed bond fund	\$ 762,416	\$ 828,961	\$ 66,545
International stock fund	80,870	70,613	(10,257)
Investments at the Foundation	822,351	856,351	34,000
Mutual fund, S&P 500	<u>314,672</u>	<u>547,071</u>	<u>232,399</u>
Balance, end of year	<u>\$ 1,980,309</u>	<u>\$ 2,302,996</u>	322,687
Balance, beginning of year	<u>\$ 2,062,876</u>	<u>\$ 2,406,192</u>	<u>343,316</u>
Unrealized losses for the year			(<u>\$ 20,629</u>)

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

3. Investments (continued):

	<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>

Investment income comprises the following:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 46,773	\$ 56,947
Investment expenses	(4,255)	(4,781)
Realized gains (losses)	(15,875)	74,016
Unrealized losses	<u>(20,629)</u>	<u>(115,226)</u>
	<u>\$ 6,014</u>	<u>\$ 10,956</u>

The Organization follows GAAP which defines fair value as the price that would be received to sell 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 other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority.

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 provided the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs are not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

3. Investments (continued):

Level 1 Fair Value Measurements

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

	<u>Fair value</u>	<u>Fair value measurements at the end of the reporting period using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Other observable inputs (Level 2)</u>	<u>Unobservable inputs (Level 3)</u>
June 30, 2016:				
Mutual funds	\$ 1,446,645	\$ 1,446,645		
Investments at the Foundation*	<u>856,351</u>	_____	_____	_____
	<u>\$ 2,302,996</u>	<u>\$ 1,446,645</u>	<u>\$ --</u>	<u>\$ --</u>
June 30, 2015:				
Mutual funds	\$ 1,471,615	\$ 1,471,615		
Investments at the Foundation*	<u>934,577</u>	_____	_____	_____
	<u>\$ 2,406,192</u>	<u>\$ 1,471,615</u>	<u>\$ --</u>	<u>\$ --</u>

* In accordance with ASC Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

4. Property and equipment:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	30,744	31,568
Computers and website	31,714	40,075
Resource materials	<u>12,531</u>	<u>12,531</u>
	234,793	243,978
Accumulated depreciation and amortization	(234,377)	(241,314)
	<u>\$ 416</u>	<u>\$ 2,664</u>

Depreciation and amortization expense totaled \$2,248 and \$2,332 for the years ended June 30, 2016 and 2015, respectively.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

5. Temporarily restricted net assets:

	<u>2016</u>	<u>2015</u>
Net assets restricted for programs and operations:		
Community outreach	\$ 3,906	\$ 4,395
Community programming	862	1,429
Education curriculum	13,796	4,408
Exhibits		36,441
Honoring the Past programming	5,990	
Memorial maintenance	723	686
Other	8,984	
Resource center		849
Witness Archive		<u>3,891</u>
Net assets restricted for programs and operations	<u>34,261</u>	<u>52,099</u>
Endowment investment appreciation (Note 7)	<u>117,306</u>	<u>284,999</u>
	<u>\$ 151,567</u>	<u>\$ 337,098</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, 2016 and 2015 was \$25,867 and \$23,671, respectively.

The Organization also leases office equipment. Office equipment rent, included in printing and copying expense, was \$4,798 and \$3,721 for the years ended June 30, 2016 and 2015.

Future minimum annual payments under the non-cancelable operating lease is as follows.

Years ended <u>June 30,</u>	<u>Amount</u>
2017	\$ 4,260
2018	4,260
2019	4,260
2020	<u>2,130</u>
	<u>\$ 14,910</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015 is as follows:

	2016		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
			<u>Total</u>
Donor-designated endowment		\$ 117,306	\$ 1,814,596
Board-designated endowment	<u>\$ 402,673</u>		<u>402,673</u>
	<u>\$ 402,673</u>	<u>\$ 117,306</u>	<u>\$ 1,814,596</u>
			<u>\$ 2,334,575</u>
	2015		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
			<u>Total</u>
Donor-designated endowment		\$ 284,999	\$ 1,814,596
Board-designated endowment	<u>\$ 405,969</u>		<u>405,969</u>
	<u>\$ 405,969</u>	<u>\$ 284,999</u>	<u>\$ 1,814,596</u>
			<u>\$ 2,505,564</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

7. Endowment funds (continued):

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	2016			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 405,969	\$ 284,999	\$ 1,814,596	\$ 2,505,564
Net realized and unrealized losses	(3,296)	(16,905)		(20,201)
Transfer of investment earnings to unrestricted cash	_____	(150,788)	_____	(150,788)
Balance, end of year	<u>\$ 402,673</u>	<u>\$ 117,306</u>	<u>\$ 1,814,596</u>	<u>\$ 2,334,575</u>
	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>