

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

**YEARS ENDED JUNE 30, 2018 AND 2017**



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

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

YEARS ENDED JUNE 30, 2018 AND 2017

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

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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, 2018 and 2017, 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, 2018 and 2017, 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  
May 1, 2019

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

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 42,271	\$ 26,179
Dividends receivable	5,113	1,594
Prepaid expenses (Note 8)	45,903	
Inventory	<u>26,490</u>	<u>26,490</u>
Total current assets	119,777	54,263
Investments (Note 2)	2,463,316	2,419,591
Exhibits	<u>41,263</u>	<u>41,263</u>
	<u>\$ 2,624,356</u>	<u>\$ 2,515,117</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 4,427</u>	<u>\$ 1,540</u>
Commitments (Note 4 and 8)		
Net assets:		
Without donor restrictions:		
Available for general activities	160,906	73,535
Board-designated endowment (Note 5)	<u>419,867</u>	<u>413,768</u>
	580,773	487,303
With donor restrictions (Note 5 and 6)	<u>2,039,156</u>	<u>2,026,274</u>
	<u>2,619,929</u>	<u>2,513,577</u>
	<u>\$ 2,624,356</u>	<u>\$ 2,515,117</u>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEAR ENDED JUNE 30, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions and grants	\$ 209,229	\$ 5,277	\$ 214,506
Membership income	119,188		119,188
Program fees	5,167		5,167
Sales of books, videos and other materials	523		523
Investment income (Note 2)	38,436	134,686	173,122
Other income	628		628
Transfer of investment earnings to unrestricted cash (Note 5)	101,260	( 101,260)	
Net assets released from program restrictions	<u>25,821</u>	<u>( 25,821)</u>	<u>          </u>
	<u>500,252</u>	<u>12,882</u>	<u>513,134</u>
Expenses:			
Program services	236,906		236,906
Management and general	142,903		142,903
Fundraising	<u>26,973</u>		<u>26,973</u>
	<u>406,782</u>		<u>406,782</u>
Change in net assets	93,470	12,882	106,352
Net assets, beginning of year	<u>487,303</u>	<u>2,026,274</u>	<u>2,513,577</u>
Net assets, end of year	<u>\$ 580,773</u>	<u>\$ 2,039,156</u>	<u>\$ 2,619,929</u>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEAR ENDED JUNE 30, 2017

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions and grants	\$ 162,612	\$ 25,322	\$ 187,934
Membership income	102,503		102,503
Program fees	13,500		13,500
Sales of books, videos and other materials	806		806
Investment income (Note 2)	65,182	160,669	225,851
Other income	3,078		3,078
Transfer of investment earnings to unrestricted cash (Note 5)	101,260	( 101,260)	
Net assets released from program restrictions	<u>24,620</u>	<u>( 24,620)</u>	<u>          </u>
	<u>473,561</u>	<u>60,111</u>	<u>533,672</u>
 Expenses:			
Program services	260,782		260,782
Management and general	149,012		149,012
Fundraising	<u>20,950</u>		<u>20,950</u>
	<u>430,744</u>		<u>430,744</u>
Change in net assets	42,817	60,111	102,928
Net assets, beginning of year	<u>444,486</u>	<u>1,966,163</u>	<u>2,410,649</u>
Net assets, end of year	<u>\$ 487,303</u>	<u>\$ 2,026,274</u>	<u>\$ 2,513,577</u>

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Citywide Holocaust essay contest	Holocaust education curriculum	Holocaust speakers bureau	<u>Exhibits</u>
Advertising and publicity				
Compensation and benefits	\$ 8,771	\$ 44,306	\$ 4,642	\$ 1,307
Computer	198	1,188		
Contract labor	815	950	532	
Gifts and awards	1,298			
Insurance	81	487		
Meetings and hospitality	1,376	1,139		
Membership and dues				
Mileage		91	139	
Miscellaneous	159	565	154	7
Other project expenses				
Payroll tax	617	3,045	347	99
Postage and delivery	287	800	80	
Printing and copying (Note 4)	610	2,513	305	
Professional services				
Rent (Note 4)	785	4,709		
Resource materials	524			
Speakers' fees			4,900	
Supplies	180	131		
Telephone	30	182		
Travel		822	9,542	724
Workshops and conferences		500		
	<u>\$ 15,731</u>	<u>\$ 61,428</u>	<u>\$ 20,641</u>	<u>\$ 2,137</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>
	\$ 1,476		\$ 1,476			\$ 1,476
\$ 2,130	86,073	\$ 2,941	150,170	\$ 90,479	\$ 16,180	256,829
132	2,706		4,224	2,046	330	6,600
	4,728		7,025	10,975	2,085	20,085
			1,298			1,298
54	1,109		1,731	3,212	135	5,078
	1,051	214	3,780	929	55	4,764
				355		355
	687	36	953	35		988
17	1,664	953	3,519	3,110	977	7,606
	2,190		2,190			2,190
135	5,323	224	9,790	8,216	1,162	19,168
	1,492	85	2,744	610	962	4,316
	3,694		7,122	1,389	3,166	11,677
				9,750		9,750
3,139	10,726		19,359	7,895	1,308	28,562
176	15		715			715
	1,229		6,129			6,129
	292	44	647	1,328	562	2,537
20	415		647	314	51	1,012
	1,799		12,887	1,860		14,747
			500	400		900
<u>\$ 5,803</u>	<u>\$126,669</u>	<u>\$ 4,497</u>	<u>\$ 236,906</u>	<u>\$ 142,903</u>	<u>\$ 26,973</u>	<u>\$ 406,782</u>

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				
Compensation and benefits	\$ 12,309	\$ 40,880	\$ 2,233	\$ 1,369
Computer	173	922		
Contract labor	693	811		
Depreciation and amortization (Note 3)				
Gifts and awards	1,320			
Insurance	171	616		
Meetings and hospitality	1,530	1,057	16	
Membership and dues				
Mileage		83	37	
Miscellaneous	412	2,337	39	94
Other project expenses				1,000
Payroll tax	868	2,797	166	104
Postage and delivery	199	1,134		24
Printing and copying (Note 4)	505	663	168	
Professional services				
Rent (Note 4)	1,231	4,430		
Resource materials	485			
Speakers' fees		500		
Supplies	232	12		37
Telephone	68	245		
Travel		734	4,320	
Workshops and conferences		600		
	<u>\$ 20,196</u>	<u>\$ 57,821</u>	<u>\$ 6,979</u>	<u>\$ 2,628</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>
	\$ 3,574		\$ 3,574			\$ 3,574
\$ 2,664	82,906	\$ 2,246	144,607	\$ 101,724	\$ 11,915	258,246
585	1,071	35	2,786	1,362	138	4,286
223	13,440	1,077	16,244	2,483	1,224	19,951
				416		416
			1,320	114	284	1,718
34	1,061	34	1,916	3,036	137	5,089
	9,589	56	12,248	534	49	12,831
				200		200
	333	21	474	227		701
62	3,099	281	6,324	3,221	1,046	10,591
	5,619		6,619			6,619
194	5,366	161	9,656	8,404	826	18,886
68	2,142	131	3,698	792	1,452	5,942
281	9,947	2,341	13,905	1,907	2,738	18,550
				9,500		9,500
2,981	7,630	246	16,518	9,845	985	27,348
624			1,109	24		1,133
	9,080		9,580			9,580
( 371)	835	71	816	2,068	101	2,985
14	422	14	763	545	55	1,363
	2,871		7,925	2,203		10,128
	100		700	407		1,107
<u>\$ 7,359</u>	<u>\$ 159,085</u>	<u>\$ 6,714</u>	<u>\$ 260,782</u>	<u>\$ 149,012</u>	<u>\$ 20,950</u>	<u>\$ 430,744</u>

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 106,352	\$ 102,928
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization		416
Realized (gains) losses on investments	21,710	( 5,834)
Unrealized gains on investments	( 160,525)	( 191,504)
Changes in operating assets and liabilities:		
Contributions and grants receivable		5,000
Dividends receivable	( 3,519)	( 1,594)
Prepaid expenses	( 45,903)	
Accounts payable and accrued expenses	<u>2,887</u>	<u>673</u>
Net cash used by operating activities	( <u>78,998</u> )	( <u>89,915</u> )
Cash flows from investing activities, net proceeds from maturities of investments	<u>95,090</u>	<u>80,743</u>
Net increase (decrease) in cash	16,092	( 9,172)
Cash, beginning of year	<u>26,179</u>	<u>35,351</u>
Cash, end of year	<u>\$ 42,271</u>	<u>\$ 26,179</u>

See notes to financial statements.

# MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

### 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.

The Organization considers donors that account for more than 10% of revenue to be major donors. In the year ended June 30, 2018, there was one major donor who contributed 11% of revenue. There were no major donors in the year ended June 30, 2017.

#### *Basis of accounting:*

All financial transactions have been recorded in and reported by the following net asset groups:

Net assets without restrictions, including board-designated net assets (Note 5), 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.

Net assets with restrictions which originate from gifts and grants and include: 1.) Net assets which are available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor-designated time period and 2.) Net assets not subject to appropriation or expenditure 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, net assets with restrictions are reclassified to net assets without restrictions 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 has investments in mutual funds and pooled investment funds. The pooled investment funds are held 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, 2018 AND 2017

**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. Realized and 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, 2018 AND 2017

**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 occasionally receives in-kind donations, including exhibit materials rental, auditorium rental and advertising. There were no in-kind donations for the years ended June 30, 2018 or 2017.

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, 2018 and 2017. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2015. 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 May 1, 2019, 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, 2018 AND 2017

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

*Reclassification:*

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

*Recent accounting pronouncement:*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard update improves existing standards for financial statement presentation by not-for-profit organizations under Accounting Standards Codification 958. The standard update is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. The Organization elected to early adopt this standard update for the year ended June 30, 2018. The adoption of this new standard update did not have a material impact on the Organization's financial statements.

**2. Investments:**

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2018:			
Indexed bond fund	\$ 872,416	\$ 885,360	
International stock fund	80,870	85,777	
Investments at the Foundation	570,642	832,443	
Mutual fund, S&P 500	<u>264,672</u>	<u>659,736</u>	
Balance, end of year	<u>\$ 1,788,600</u>	<u>\$ 2,463,316</u>	\$ 674,716
Balance, beginning of year	<u>\$ 1,905,400</u>	<u>\$ 2,419,591</u>	<u>514,191</u>
Unrealized gains for the year			<u>\$ 160,525</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

**2. Investments (continued):**

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2017:			
Indexed bond fund	\$ 722,417	\$ 764,975	\$ 42,558
International stock fund	80,870	82,407	1,537
Investments at the Foundation	822,442	977,785	155,343
Mutual fund, S&P 500	<u>279,671</u>	<u>594,424</u>	<u>314,753</u>
Balance, end of year	<u>\$ 1,905,400</u>	<u>\$ 2,419,591</u>	514,191
Balance, beginning of year	<u>\$ 1,980,309</u>	<u>\$ 2,302,996</u>	<u>322,687</u>
Unrealized gains for the year			<u>\$ 191,504</u>

Investment income comprises the following:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 40,018	\$ 33,873
Investment expenses	( 5,711)	( 5,360)
Realized gains (losses)	( 21,710)	5,834
Unrealized gains	<u>160,525</u>	<u>191,504</u>
	<u>\$ 173,122</u>	<u>\$ 225,851</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, 2018 AND 2017

**2. 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.

		Fair value measurements at the end of the reporting period using:		
		Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
	<u>Fair value</u>			
June 30, 2018:				
Mutual funds	\$ 1,630,873	\$ 1,630,873		
Investments at the Foundation*	<u>832,443</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 2,463,316</u>	<u>\$ 1,630,873</u>	<u>\$ --</u>	<u>\$ --</u>
June 30, 2017:				
Mutual funds	\$ 1,441,806	\$ 1,441,806		
Investments at the Foundation*	<u>977,785</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 2,419,591</u>	<u>\$ 1,441,806</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.

**3. Property and equipment:**

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	30,744	30,744
Computers and website	31,714	31,714
Resource materials	<u>12,531</u>	<u>12,531</u>
	234,793	234,793
Accumulated depreciation and amortization	<u>( 234,793)</u>	<u>( 234,793)</u>
	<u>\$ --</u>	<u>\$ --</u>

Depreciation and amortization expense totaled \$0 and \$416 for the years ended June 30, 2018 and 2017, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

**4. 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, 2018 and 2017 was \$28,562 and \$27,348, respectively.

The Organization also leases office equipment. Office equipment rent, included in printing and copying expense, was \$4,260 and \$4,832 for the years ended June 30, 2018 and 2017.

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

<u>Years ended June 30,</u>	<u>Amount</u>
2019	\$ 4,260
2020	<u>2,130</u>
	<u>\$ 6,390</u>

**5. 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 disclosed.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

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

Endowment net assets composition by type of fund as of June 30, 2018 and 2017 is as follows:

	2018		Total
	Without donor restrictions	With donor restrictions	
Donor-designated endowment:			
Perpetual		\$ 1,814,596	\$ 1,814,596
Term		205,508	205,508
Board-designated endowment	\$ 419,867	_____	419,867
	<u>\$ 419,867</u>	<u>\$ 2,020,104</u>	<u>\$ 2,439,971</u>
	2017		Total
	Without donor restrictions	With donor restrictions	
Donor-designated endowment:			
Perpetual		\$ 1,814,596	\$ 1,814,596
Term		174,222	174,222
Board-designated endowment	\$ 413,768	_____	413,768
	<u>\$ 413,768</u>	<u>\$ 1,988,818</u>	<u>\$ 2,402,586</u>

Changes in endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	2018		Total
	Without donor restrictions	With donor restrictions	
Endowment net assets, beginning of year	\$ 413,768	\$ 1,988,818	\$ 2,402,586
Net realized/ unrealized gains	25,839	132,546	158,385
Transfer of investment earnings to unrestricted cash	( 19,740)	( 101,260)	( 121,000)
Endowment net assets, end of year	<u>\$ 419,867</u>	<u>\$ 2,020,104</u>	<u>\$ 2,439,971</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

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

	2017		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 402,673	\$ 1,931,902	\$ 2,334,575
Net realized/ unrealized gains	30,835	158,176	189,011
Transfer of investment earnings to unrestricted cash	( 19,740)	( 101,260)	( 121,000)
Endowment net assets, end of year	<u>\$ 413,768</u>	<u>\$ 1,988,818</u>	<u>\$ 2,402,586</u>

**6. Net assets with donor restrictions:**

As of June 30, 2018 and 2017, net assets with donor restrictions comprise the following:

	2018	2017
Net assets subject to expenditure for specified programs and operations:		
Audit and tax services		\$ 9,750
Community programming	\$ 2,777	1,426
Education curriculum		3,802
Honoring the Past programming		1,397
Memorial maintenance	1,318	775
Other		3,481
Resource Center	1,333	783
Student programs	13,624	16,042
Endowment investment appreciation (Note 5)	<u>205,508</u>	<u>174,222</u>
	<u>224,560</u>	<u>211,678</u>
Net assets not subject to appropriation or expenditure:		
Donor-designated endowment (Note 5)	<u>1,814,596</u>	<u>1,814,596</u>
	<u>\$ 2,039,156</u>	<u>\$ 2,026,274</u>

**7. Liquidity:**

The Organization utilizes a 30-day horizon to assess its immediate liquidity needs. The period was established based on management's review of the typical life cycle of converting its financial assets to cash and typical payments of payroll and trade payables.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

**7. Liquidity (continued):**

The following reflects the Organization's financial assets as of June 30, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside in the board-designated endowment that can be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or board-designated endowment for general expenditure purposes within one year of the balance sheet date have not been subtracted as unavailable.

Cash	\$ 33,514
Dividends receivable	5,113
Investments	<u>134,051</u>
Financial assets, June 30, 2018	<u>\$ 172,678</u>

**8. Other commitments:**

Prior to June 30, 2018, the Organization signed contracts in the amount of \$64,125 and paid deposits on that amount of \$36,738, included in prepaid expenses, for event management services for an event to be held in October 2018. The event was held as planned.