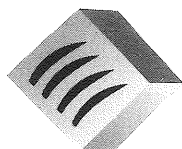


**MIDWEST CENTER FOR  
HOLOCAUST EDUCATION, INC.**

**YEARS ENDED JUNE 30, 2017 AND 2016**



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

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

**YEARS ENDED JUNE 30, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 6, 2018

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

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 26,179	\$ 35,351
Contributions and grants receivable (Note 2)		5,000
Dividends receivable	1,594	
Inventory	26,490	26,490
Investments (Note 3)	2,419,591	2,302,996
Property and equipment (Note 4)		416
Exhibits	<u>41,263</u>	<u>41,263</u>
	<u>\$ 2,515,117</u>	<u>\$ 2,411,516</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ <u>1,540</u>	\$ <u>867</u>
Commitments (Note 6)		
Net assets:		
Unrestricted:		
Available for general activities	73,535	41,813
Board-designated endowment (Note 7)	<u>413,768</u>	<u>402,673</u>
	487,303	444,486
Temporarily restricted (Note 5)	211,678	151,567
Permanently restricted (Note 7)	<u>1,814,596</u>	<u>1,814,596</u>
	<u>2,513,577</u>	<u>2,410,649</u>
	<u>\$ 2,515,117</u>	<u>\$ 2,411,516</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>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</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 3)	65,182	160,669		225,851
Other income	3,078			3,078
Transfer of investment earnings to unrestricted cash (Note 7)	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>151,567</u>	<u>\$ 1,814,596</u>	<u>2,410,649</u>
Net assets, end of year	<u>\$ 487,303</u>	<u>\$ 211,678</u>	<u>\$ 1,814,596</u>	<u>\$ 2,513,577</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
Transfer of investment earnings to unrestricted cash (Note 7)	150,788	( 150,788)		
Net assets released from program restrictions	<u>94,459</u>	<u>( 94,459)</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 FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2017

	Citywide Holocaust essay contest	Holocaust education curriculum	Holocaust speakers bureau	<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 4)				
Gifts and awards	1,320			
Insurance	171	616		
Meetings and hospitality	1,530	1,057	16	
Membership and dues				
MileageA		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 6)	505	663	168	
Professional services				
Rent (Note 6)	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.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Citywide Holocaust essay contest	Holocaust education curriculum	Holocaust speakers bureau	Exhibits
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
	432	34	1,248	325		325
123	2,305	37	4,304	128	5	1,381
	2,203		2,203	3,768	1,413	9,485
252	4,315	143	9,005	365		2,568
114	1,393	97	4,389	7,949	1,214	18,168
298	4,491	149	8,751	1,292	2,047	7,728
				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.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 102,928	(\$ 181,187)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	416	2,248
Realized (gains) losses on investments	( 5,834)	15,875
Unrealized (gains) losses on investments	( 191,504)	20,629
Changes in operating assets and liabilities:		
Contributions and grants receivable	5,000	29,676
Dividends receivable	( 1,594)	1,791
Accounts payable and accrued expenses	<u>673</u>	<u>( 6,505)</u>
Net cash used by operating activities	<u>( 89,915)</u>	<u>( 117,473)</u>
Cash flows from investing activities, net proceeds from maturities of investments	<u>80,743</u>	<u>66,692</u>
Net decrease in cash	( 9,172)	( 50,781)
Cash, beginning of year	<u>35,351</u>	<u>86,132</u>
Cash, end of year	<u>\$ 26,179</u>	<u>\$ 35,351</u>

See notes to financial statements.

# MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

### 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, 2017 AND 2016

**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, 2017 AND 2016

**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, 2017 and 2016, in-kind donations totaling \$0 and \$365, 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, 2017 and 2016. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2014. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

*Reclassifications:*

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

*Subsequent events:*

Subsequent events have been evaluated through February 6, 2018, 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, 2017 AND 2016

**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. The adoption of this new standard update did not have a material impact on the Organization's financial statements.

**2. Contributions and grants receivable:**

Receivables due within one year as of June 30, 2017 and 2016 were \$0 and \$5,000, respectively.

**3. Investments:**

Investments comprise the following:

	<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>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2017 AND 2016

**3. Investments (continued):**

	<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> )

Investment income comprises the following:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 33,873	\$ 46,773
Investment expenses	( 5,360)	( 4,255)
Realized gains (losses)	5,834	( 15,875)
Unrealized gains (losses)	<u>191,504</u>	<u>( 20,629)</u>
	<u>\$ 225,851</u>	<u>\$ 6,014</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, 2017 AND 2016

**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 measurements at the end of the reporting period using:</u>			
	<u>Fair value</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, 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>
June 30, 2016:				
Mutual funds	\$ 1,446,645	\$ 1,446,645		
Investments at the Foundation*	<u>856,351</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 2,302,996</u>	<u>\$ 1,446,645</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>2017</u>	<u>2016</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>( 234,377)</u>
	<u>\$ --</u>	<u>\$ 416</u>

Depreciation and amortization expense totaled \$416 and \$2,248 for the years ended June 30, 2017 and 2016, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2017 AND 2016

**5. Temporarily restricted net assets:**

	<u>2017</u>	<u>2016</u>
Net assets restricted for programs and operations:		
Audit and tax services	\$ 9,750	\$ 7,500
Community outreach		3,906
Community programming	1,426	862
Education curriculum	3,802	13,796
Honoring the Past programming	1,397	5,990
Memorial maintenance	775	723
Other	3,481	1,484
Resource Center	783	
Student programs	<u>16,042</u>	
Net assets restricted for programs and operations	37,456	34,261
Endowment investment appreciation (Note 7)	<u>174,222</u>	<u>117,306</u>
	<u>\$ 211,678</u>	<u>\$ 151,567</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, 2017 and 2016 was \$27,348 and \$25,867, respectively.

The Organization also leases office equipment. Office equipment rent, included in printing and copying expense, was \$4,832 and \$4,798 for the years ended June 30, 2017 and 2016.

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

Years ended <u>June 30,</u>	<u>Amount</u>
2018	\$ 4,260
2019	4,260
2020	<u>2,130</u>
	<u>\$ 10,650</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2017 AND 2016

**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, 2017 and 2016 is as follows:

	2017		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
			<u>Total</u>
Donor-designated endowment		\$ 174,222	\$ 1,814,596
Board-designated endowment	\$ 413,768		413,768
	<u>\$ 413,768</u>	<u>\$ 174,222</u>	<u>\$ 1,814,596</u>
			<u>\$ 2,402,586</u>
	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	\$ 402,673		402,673
	<u>\$ 402,673</u>	<u>\$ 117,306</u>	<u>\$ 1,814,596</u>
			<u>\$ 2,334,575</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2017 AND 2016

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

Changes in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

	2017			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 402,673	\$ 117,306	\$ 1,814,596	\$ 2,334,575
Net realized and unrealized gains	30,835	158,176		189,011
Transfer of investment earnings to unrestricted cash	( 19,740)	( 101,260)	_____	( 121,000)
Balance, end of year	<u>\$ 413,768</u>	<u>\$ 174,222</u>	<u>\$ 1,814,596</u>	<u>\$ 2,402,586</u>
	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>