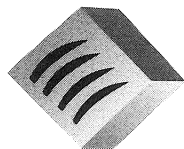


**MIDWEST CENTER FOR
HOLOCAUST EDUCATION, INC.**

YEARS ENDED JUNE 30, 2020 AND 2019



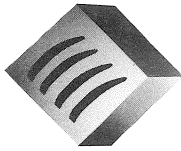
HOUSE PARK DOBRATZ & WIEBLER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

YEARS ENDED JUNE 30, 2020 AND 2019

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

STANLEY H. HOUSE
MICHAEL A. DOBRATZ
STEVEN V. WIEBLER
WILLIAM S. LACY, JR.

605 WEST 47TH STREET • SUITE 301
KANSAS CITY, MISSOURI 64112
TEL. (816) 931-3393
FAX: (816) 931-9636

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, 2020 and 2019, 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, 2020 and 2019, 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
January 7, 2021

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2020 AND 2019

ASSETS (Note 3)

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 96,024	\$ 37,132
Dividends receivable	2,089	6,184
Total current assets	98,113	43,316
Investments (Note 2)	2,899,048	2,802,447
Exhibits	41,263	41,263
	\$ 3,038,424	\$ 2,887,026

LIABILITIES AND NET ASSETS

Current liabilities:		
Current portion of note payable (Note 4)	\$ 23,314	
Accounts payable and accrued expenses	10,207	\$ 35,714
	33,521	35,714
Note payable, less current portion (Note 4)	29,686	
Commitment (Note 5) and contingency (Note 9)		
Net assets:		
Without donor restrictions:		
Available for general activities	422,532	453,401
Board-designated endowment (Note 6)	420,784	419,122
	843,316	872,523
With donor restrictions (Note 6 and 7)	2,131,901	1,978,789
	2,975,217	2,851,312
	\$ 3,038,424	\$ 2,887,026

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions and grants	\$ 134,130	\$ 146,245	\$ 280,375
Membership income	81,244		81,244
Program fees	3,517		3,517
Sales of books, videos and other materials	200		200
Investment income (Note 2)	25,778	113,454	139,232
Other income	613		613
Transfer of investment earnings to unrestricted cash (Note 6)	104,960	(104,960)	
Net assets released from program restrictions	<u>1,627</u>	<u>(1,627)</u>	<u> </u>
	<u>352,069</u>	<u>153,112</u>	<u>505,181</u>
Expenses:			
Program services	167,553		167,553
Management and general	182,737		182,737
Fundraising	<u>30,986</u>		<u>30,986</u>
	<u>381,276</u>		<u>381,276</u>
Change in net assets	(29,207)	153,112	123,905
Net assets, beginning of year	<u>872,523</u>	<u>1,978,789</u>	<u>2,851,312</u>
Net assets, end of year	<u>\$ 843,316</u>	<u>\$ 2,131,901</u>	<u>\$ 2,975,217</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions and grants	\$ 149,723	\$ 2,093	\$ 151,816
Special events, net of direct expenses of \$205,461	282,789		282,789
Membership income	95,730		95,730
Program fees	4,975		4,975
Sales of books, videos and other materials	212		212
Investment income (Note 2)	112,341	46,365	158,706
Other income	1,826		1,826
Transfer of investment earnings to unrestricted cash (Note 6)	101,260	(101,260)	
Net assets released from program restrictions	<u>7,565</u>	<u>(7,565)</u>	<u> </u>
	<u>756,421</u>	<u>(60,367)</u>	<u>696,054</u>
Expenses:			
Program services	190,054		190,054
Management and general	223,644		223,644
Fundraising	<u>50,973</u>		<u>50,973</u>
	<u>464,671</u>		<u>464,671</u>
Change in net assets	291,750	(60,367)	231,383
Net assets, beginning of year	<u>580,773</u>	<u>2,039,156</u>	<u>2,619,929</u>
Net assets, end of year	<u>\$ 872,523</u>	<u>\$ 1,978,789</u>	<u>\$ 2,851,312</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity				
Bank and merchant charges		\$ 4		
Compensation and benefits	\$ 2,884	60,985	\$ 4,167	\$ 1,623
Computer	29	940		29
Contract labor		2,392		
Equipment (Note 5)	168	264		
Gifts and awards	1,200			
Insurance	40	1,285		40
Meetings and hospitality		838		
Membership and dues				
Mileage		60	84	102
Miscellaneous				
Other project expenses				
Payroll tax	194	4,241	308	117
Postage and delivery	75	825		852
Printing and copying				
Professional services				
Rent (Note 5)	262	8,392		262
Resource materials	211		87	
Speakers' fees				
Supplies				6
Telephone	13	420		13
Travel		222	15,710	899
Workshops and conferences		125		
	<u>\$ 5,076</u>	<u>\$ 80,993</u>	<u>\$ 20,356</u>	<u>\$ 3,943</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>
	\$ 787		\$ 787	\$ 750		\$ 1,537
	39		43	1,309	\$ 389	1,741
\$ 4,643	24,924	\$ 1,712	100,938	100,769	12,727	214,434
113	1,431	29	2,571	7,597	397	10,565
1,154	2,209	300	6,055	18,183	11,762	36,000
7	898		1,337	4,547	161	6,045
			1,200			1,200
100	522	40	2,027	3,118	542	5,687
	547	94	1,479	830		2,309
	288		288	326		614
	341	39	626	218	29	873
	250	84	334	131		465
	1,034		1,034			1,034
330	1,336	118	6,644	9,584	845	17,073
34	1,045	22	2,853	543	416	3,812
	35		35	218		253
				22,024		22,024
2,372	3,409	262	14,959	10,938	3,541	29,438
928			1,226	(19)		1,207
	2,000		2,000			2,000
	22		28	510		538
33	170	13	662	472	177	1,311
	3,471		20,302	494		20,796
			125	195		320
<u>\$ 9,714</u>	<u>\$ 44,758</u>	<u>\$ 2,713</u>	<u>\$ 167,553</u>	<u>\$ 182,737</u>	<u>\$ 30,986</u>	<u>\$ 381,276</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Citywide Holocaust essay <u>contest</u>	Holocaust education <u>curriculum</u>	Holocaust speakers <u>bureau</u>	<u>Exhibits</u>
Advertising and publicity			\$ 11	
Bank and merchant charges				\$ 759
Compensation and benefits	\$ 6,552	\$ 41,907	2,134	
Computer			40	
Contract labor		610	630	
Equipment (Note 5)	158	1,102	15	
Gifts and awards	1,380			
Insurance				
Meetings and hospitality	1,611	885		
Membership and dues				
Mileage		439		
Miscellaneous				
Other project expenses				
Payroll tax	487	3,102	158	54
Postage and delivery	114	847	4	
Printing and copying	552	1,656		
Professional services				
Rent (Note 5)				
Resource materials	256		250	
Speakers' fees				
Supplies	78	14		
Telephone				
Travel		659	1,952	9
Workshops and conferences		825		
	<u>\$ 11,188</u>	<u>\$ 52,046</u>	<u>\$ 5,194</u>	<u>\$ 822</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>
	\$ 1,335		\$ 1,335			\$ 1,335
	36		47	\$ 1,820	\$ 406	2,273
\$ 1,235	80,231	\$ 4,062	136,880	120,320	26,409	283,609
1,160	1,017		2,217	6,288	2,200	10,705
	6,355		7,595	10,044	10,566	28,205
22	1,488	43	2,828	2,018	395	5,241
			1,380	153		1,533
600			600	4,547		5,147
	832	109	3,437	455		3,892
				350		350
	315	33	787	225		1,012
369	987		1,356	117		1,473
400	1,785		2,185	106		2,291
92	5,354	285	9,532	7,507	1,929	18,968
20	2,043	136	3,164	222	1,664	5,050
	3,627		5,835		7,384	13,219
				9,750		9,750
3,212			3,212	26,509		29,721
104			610	26,490		27,100
	1,650		1,650			1,650
	339		431	1,453	20	1,904
	1,528		4,148	980		980
			825	1,965		6,113
				2,325		3,150
<u>\$ 7,214</u>	<u>\$ 108,922</u>	<u>\$ 4,668</u>	<u>\$ 190,054</u>	<u>\$ 223,644</u>	<u>\$ 50,973</u>	<u>\$ 464,671</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 123,905	\$ 231,383
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gains) losses on investments	34,464	(62,235)
Unrealized gains on investments	(136,155)	(55,360)
Changes in operating assets and liabilities:		
Dividends receivable	4,095	(1,071)
Prepaid expenses		45,903
Inventory		26,490
Accounts payable and accrued expenses	(25,507)	<u>31,287</u>
Net cash provided by operating activities	802	216,397
Cash flows from investing activities, net proceeds from (purchases of) investments	5,090	(221,536)
Cash flows from financing activities, net proceeds from note payable	<u>53,000</u>	<u> </u>
Net increase (decrease) in cash	58,892	(5,139)
Cash, beginning of year	<u>37,132</u>	<u>42,271</u>
Cash, end of year	<u>\$ 96,024</u>	<u>\$ 37,132</u>

See notes to financial statements.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020, one foundation and one donor accounted for 10% and 20% of total revenues, respectively. In the year ended June 30, 2019, there were no major donors.

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 6), 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, 2020 AND 2019

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 was provided using the straight-line method over the estimated useful lives of the assets, ranging from three to fifteen years. Property and equipment are fully depreciated as of June 30, 2020 and 2019.

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.

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.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Membership income:

Membership income is unrestricted, is nonrefundable, and members do not receive benefits from the Organization. Therefore, membership income is recognized in revenue when received.

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, 2020 or 2019.

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, 2020 and 2019. The Organization is no longer subject to audits by the IRS for years prior to fiscal 2017. 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 January 7, 2021, 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, 2020 AND 2019

2. Investments:

Investments comprise the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2020:			
Indexed bond fund	\$ 992,416	\$ 1,119,910	
International stock fund	80,869	78,328	
Investments at the Foundation	769,859	1,025,957	
Mutual fund, S&P 500	<u>189,673</u>	<u>674,853</u>	
Balance, end of year	2,032,817	2,899,048	\$ 866,231
Balance, beginning of year	<u>\$ 2,072,371</u>	<u>\$ 2,802,447</u>	<u>\$ 730,076</u>
Unrealized gains for the year			<u>\$ 136,155</u>
June 30, 2019:			
Indexed bond fund	\$ 1,017,416	\$ 1,078,823	
International stock fund	80,870	83,708	
Investments at the Foundation	709,412	926,504	
Mutual fund, S&P 500	<u>264,673</u>	<u>713,412</u>	
Balance, end of year	<u>\$ 2,072,371</u>	<u>\$ 2,802,447</u>	\$ 730,076
Balance, beginning of year	<u>\$ 1,788,600</u>	<u>\$ 2,463,316</u>	<u>\$ 674,716</u>
Unrealized gains for the year			<u>\$ 55,360</u>

Investment income comprises the following:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 43,850	\$ 46,505
Investment expenses	(6,309)	(5,394)
Realized gains (losses)	(34,464)	62,235
Unrealized gains	<u>136,155</u>	<u>55,360</u>
	<u>\$ 139,232</u>	<u>\$ 158,706</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

2. Investments (continued):

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.

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>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2020:				
Mutual funds	\$ 1,873,091	\$ 1,873,091		
Investments at the Foundation*	<u>1,025,957</u>	<u> </u>		
	<u>\$ 2,899,048</u>	<u>\$ 1,873,091</u>		
June 30, 2019:				
Mutual funds	\$ 1,875,943	\$ 1,875,943		
Investments at the Foundation*	<u>926,504</u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 2,802,447</u>	<u>\$ 1,875,943</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.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

3. Property and equipment:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 159,804	\$ 159,804
Furniture and fixtures	30,744	30,744
Computers and website	24,473	24,473
Resource materials	<u>12,531</u>	<u>12,531</u>
	227,552	227,552
Accumulated depreciation and amortization	(<u>227,552</u>)	(<u>227,552</u>)
	<u>\$ --</u>	<u>\$ --</u>

Depreciation and amortization expense totaled \$0 for the years ended June 30, 2020 and 2019.

4. Note payable:

In April 2020, the Organization received a loan under the government's Paycheck Protection Program (PPP) in the amount of \$53,000. The loan was obtained through a local bank. PPP loans received through the government are forgivable provided the recipients meet certain requirements. The requirements relate to spending the funds primarily for salaries. The Organization retained its staff during the period in question and has no reason to believe that the loan will not be forgiven in accordance with the intent of the program.

Absent a forgiveness of the loan, the loan amount would be required to be repaid with monthly payments of \$2,983 beginning in November 2020 with interest of 1.00%. A summary of principal payments by fiscal year follows:

<u>Years ended</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ 23,314
2022	<u>29,686</u>
	<u>\$ 53,000</u>

5. 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, 2020 and 2019 was \$29,438 and \$29,721, respectively.

The Organization also leased office equipment through a five-year lease dated January 2015. The Organization signed a new 60-month lease for office equipment in November 2019, superseding the previous lease. Office equipment rent, included in equipment expense, was \$3,891 and \$4,732 for the years ended June 30, 2020 and 2019.

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

5. Rent (continued):

Future minimum annual payments under the non-cancelable operating lease are as follows:

Years ended <u>June 30,</u>	<u>Amount</u>
2021	\$ 4,233
2022	4,233
2023	4,233
2024	4,233
2025	<u>1,411</u>
	<u>\$ 18,343</u>

6. 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, 2020 AND 2019

6. Endowment funds (continued):

Endowment net assets composition by type of fund as of June 30, 2020 and 2019 is as follows:

	2020		
	Without donor restrictions	With donor restrictions	Total
Donor-designated endowment:			
Permanently restricted		\$ 1,815,596	\$ 1,815,596
Temporarily restricted		158,678	158,678
Board-designated endowment	\$ 420,784		\$ 420,784
	<u>\$ 420,784</u>	<u>\$ 1,974,274</u>	<u>\$ 2,395,058</u>
	2019		
	Without donor restrictions	With donor restrictions	Total
Donor-designated endowment:			
Permanently restricted		\$ 1,814,596	\$ 1,814,596
Temporarily restricted		150,390	150,390
Board-designated endowment	\$ 419,122		\$ 419,122
	<u>\$ 419,122</u>	<u>\$ 1,964,986</u>	<u>\$ 2,384,108</u>

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 419,122	\$ 1,964,986	\$ 2,384,108
Contributions		1,000	1,000
Net realized/ unrealized gains	22,702	113,248	135,950
Transfer of investment earnings to unrestricted cash	(21,040)	(104,960)	(126,000)
Endowment net assets, end of year	<u>\$ 420,784</u>	<u>\$ 1,974,274</u>	<u>\$ 2,395,058</u>

MIDWEST CENTER FOR HOLOCAUST EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

6. Endowment funds (continued):

	2019		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 419,867	\$ 2,020,104	\$ 2,439,971
Contributions	10,000		10,000
Net realized/ unrealized gains	8,995	46,142	55,137
Transfer of investment earnings to unrestricted cash	(19,740)	(101,260)	(121,000)
 Endowment net assets, end of year	 <u>\$ 419,122</u>	 <u>\$ 1,964,986</u>	 <u>\$ 2,384,108</u>

7. Net assets with donor restrictions:

As of June 30, 2020 and 2019, net assets with donor restrictions comprise the following:

	2020	2019
Net assets subject to expenditure for specified programs and operations:		
Community programming	\$ 143,886	\$ 3,750
Holocaust education curriculum	12,500	
Memorial maintenance	650	2,545
Resource Center	392	2,468
Student programs	68	5,040
Other	131	
Endowment investment appreciation (Note 6)	<u>158,678</u>	<u>150,390</u>
	<u>316,305</u>	<u>164,193</u>
 Net assets not subject to appropriation or expenditure:		
Donor-designated endowment (Note 6)	<u>1,815,596</u>	<u>1,814,596</u>
	<u>\$ 2,131,901</u>	<u>\$ 1,978,789</u>

8. 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, 2020 AND 2019

8. Liquidity (continued):

The following reflects the Organization's financial assets as of June 30, 2020, 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. 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 been included in financial assets available as of June 30, 2020.

Cash	\$ 96,024
Dividends receivable	2,089
Investments available for general operations	619,268
Less temporarily restricted net assets	(146,904)
Financial assets, June 30, 2020	<u>\$ 570,477</u>

9. COVID-19:

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of the independent auditors' report, management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may impact the financial position, results of operations, and cash flows in fiscal 2021.