

The Center for Holocaust and Humanity Education

**Financial Statements
June 30, 2018 and 2017, and
Independent Auditors' Report**

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

June 30, 2018 and 2017

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11

Independent Auditors' Report

Board of Trustees
The Center for Holocaust and Humanity Education
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Center for Holocaust and Humanity Education (nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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 audits to obtain reasonable assurance about whether the financial statements are free from 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.

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 The Center for Holocaust and Humanity Education 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.



October 22, 2018
Cincinnati, Ohio

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Financial Position
June 30, 2018 and 2017**

	2018	2017
Assets		
Cash and cash equivalents	\$ 726,280	\$ 621,105
Grants receivable and other assets	92,804	120,410
Capital campaign pledges receivable, net	5,143,806	2,355,133
Restricted cash	2,676,214	1,402,478
Certificate of deposit	-	252,557
Property and equipment, net	1,447,509	77,216
Collections (Note 1)	-	-
	\$ 10,086,613	\$ 4,828,899
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 351,870	\$ 54,796
Funds held for Ohio Holocaust Council	17,595	19,732
	369,465	74,528
Net assets		
Unrestricted	2,330,938	943,526
Temporarily restricted	5,186,210	3,810,845
Permanently restricted	2,200,000	-
	9,717,148	4,754,371
Total net assets	9,717,148	4,754,371
Total liabilities and net assets	\$ 10,086,613	\$ 4,828,899

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Activities
Years Ended June 30, 2018 and 2017**

	2018			2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support							
Grants and contributions	\$ 158,845	\$ 3,138,476	\$ 2,200,000	5,497,321	\$ 160,984	\$ 4,041,634	\$ 4,202,618
Special events, net	169,797	-	-	169,797	158,292	-	158,292
Other income	49,098	-	-	49,098	47,767	-	47,767
Net assets released from restrictions	1,763,111	(1,763,111)	-	-	315,789	(315,789)	-
Total revenues and support	<u>2,140,851</u>	<u>1,375,365</u>	<u>2,200,000</u>	<u>5,716,216</u>	<u>682,832</u>	<u>3,725,845</u>	<u>4,408,677</u>
Expenses							
Program services	566,831	-	-	566,831	512,321	-	512,321
Management and general	70,785	-	-	70,785	79,410	-	79,410
Fundraising	115,823	-	-	115,823	60,849	-	60,849
Total expenses	<u>753,439</u>	<u>-</u>	<u>-</u>	<u>753,439</u>	<u>652,580</u>	<u>-</u>	<u>652,580</u>
Change in net assets	1,387,412	1,375,365	2,200,000	4,962,777	30,252	3,725,845	3,756,097
Net assets, beginning of year	<u>943,526</u>	<u>3,810,845</u>	<u>-</u>	<u>4,754,371</u>	<u>913,274</u>	<u>85,000</u>	<u>998,274</u>
Net assets, end of year	<u>\$ 2,330,938</u>	<u>\$ 5,186,210</u>	<u>\$ 2,200,000</u>	<u>\$ 9,717,148</u>	<u>\$ 943,526</u>	<u>\$ 3,810,845</u>	<u>\$ 4,754,371</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Functional Expenses
Years Ended June 30, 2018 and 2017**

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related benefits	\$ 364,774	\$ 25,749	\$ 38,623	\$ 429,146	\$ 318,235	\$ 22,464	\$ 33,695	\$ 374,394
Exhibit costs	46,770	-	-	46,770	53,220	-	-	53,220
Honorariums and production	55,507	-	-	55,507	58,154	-	-	58,154
Meals and entertainment	7,296	-	-	7,296	13,674	-	-	13,674
Travel and professional development	7,397	5,061	-	12,458	13,907	8,405	-	22,312
Rent	23,520	5,880	-	29,400	23,520	5,880	-	29,400
Professional services	19,036	21,661	75,680	116,377	12,611	19,455	27,154	59,220
Supplies and equipment	16,443	1,013	1,520	18,976	2,593	12,461	-	15,054
Depreciation	9,313	3,064	-	12,377	8,913	3,448	-	12,361
Technology	7,834	1,958	-	9,792	7,494	1,873	-	9,367
Insurance	-	5,005	-	5,005	-	5,194	-	5,194
Miscellaneous	8,941	1,394	-	10,335	-	230	-	230
	<u>\$ 566,831</u>	<u>\$ 70,785</u>	<u>\$ 115,823</u>	<u>\$ 753,439</u>	<u>\$ 512,321</u>	<u>\$ 79,410</u>	<u>\$ 60,849</u>	<u>\$ 652,580</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 4,962,777	\$ 3,756,097
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,377	12,361
Contributions restricted for capital campaign and endowment	(5,252,460)	(3,768,130)
Changes in:		
Grants receivable and other assets	27,606	870
Accounts payable and accrued expenses	48,895	25,870
Funds held for Ohio Holocaust Council	(2,137)	(90)
Net cash provided by (used in) operating activities	(202,942)	26,978
Cash Flows From Investing Activities		
Proceeds from (purchase of) certificate of deposit	252,557	(534)
Purchase of property and equipment	(1,134,491)	(21,253)
Net cash used in investing activities	(881,934)	(21,787)
Cash Flows From Financing Activities		
Contributions restricted for capital campaign and endowment	2,463,787	1,412,997
Net Change in Cash, Cash Equivalents and Restricted Cash	1,378,911	1,418,188
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	2,023,583	605,395
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 3,402,494	\$ 2,023,583
Supplemental Cash Flow Information:		
Purchase of property and equipment included in accounts payable	\$ 258,694	\$ 10,515

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center for Holocaust and Humanity Education (Organization) remembers, informs, and transforms, by educating current and future generations about the Holocaust, its victims, and its lessons. Dedicated to curriculum development, teacher training and innovative educational programs for all communities, religious and secular, local and worldwide, the Organization fosters tolerance, inclusion, social justice, and civic responsibility based on lessons from the Holocaust. Originally the brainchild of an impassioned group of local Holocaust survivors and their families, the Center for Holocaust and Humanity Education opened its doors in the year 2000.

Since then, the Organization has worked fervently to educate and empower others to learn about and act against injustice, intolerance and indifference. It has evolved to develop and sustain lasting educational experiences for diverse groups and communities throughout Cincinnati and the world. The Organization educates over 30,000 individuals reaching communities in Ohio, Indiana, and Kentucky. The initiatives of the Organization include: a permanent exhibition, eight traveling exhibitions, an oral history program, a speaker's bureau, diversity workshops, teacher training, and a resource center.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restrictions which do not expire.

Capital Campaign and Development

During 2017, the Organization embarked on a \$10,000,000 capital campaign to fund the construction and development of new exhibit space located in Union Terminal in Cincinnati, Ohio and to establish a donor-restricted endowment to assist in funding future operations. Unless specifically requested to fund the endowment, campaign pledges and payments are being first applied to the construction of the new exhibit space and any remaining funds will be transferred to a donor-restricted endowment at the conclusion of the project.

Cash and Cash Equivalents

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At June 30, 2018 and 2017, cash equivalents consisted primarily of money market accounts. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is recorded at cost or, if donated, at the estimated fair value at the date of receipt. Depreciation is computed on a straight-line basis over an estimated useful life of the respective assets. The cost of maintenance and repairs is expensed as incurred while significant improvements are capitalized.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts that are originally restricted by the donor and for which the restriction is met in the same period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Collections

Collections of works of art, historical treasures and similar assets are not capitalized in as much as the items are preserved and cared for continuously. Purchases of collection items are reported in the year of acquisition as decreases in unrestricted net assets, or in temporarily or permanently restricted net assets if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among the program, management and general and fundraising categories based on the specific identification and other methods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending June 30, 2021.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for the Organization's year ending June 30, 2019.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through October 22, 2018, which is the date the financial statements were available to be issued.

NOTE 2 CAPITAL CAMPAIGN PLEDGES RECEIVABLE

Capital campaign pledge receivables as of June 30 are due to be collected as follows:

	2018	2017
Due within one year	\$ 1,400,237	\$ 820,000
Due in one to five years	3,907,456	1,608,000
Less unamortized discount	(163,887)	(72,867)
	\$ 5,143,806	\$ 2,355,133

A discount rate of 2.72% and 1.93% was used at June 30, 2018 and 2017, respectively.

NOTE 3 RESTRICTED CASH

The Organization has \$2,676,214 and \$1,402,478 of proceeds from the capital campaign being held in a depository account with the Jewish Federation of Cincinnati. These funds are temporarily restricted for use in the relocation and development of new exhibit space.

NOTE 4 CERTIFICATE OF DEPOSIT

As of June 30, 2017, the Organization held \$252,557 in a certificate of deposit with an original maturity date of greater than three months. The certificate of deposit matured and was transferred to a money market account, included in cash and cash equivalents, during 2018.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consisted of the following:

	2018	2017
Exhibits	\$ 640,669	\$ 640,669
Computer and other equipment	26,837	26,837
Less accumulated depreciation	(630,435)	(618,058)
	37,071	49,448
Construction in progress	1,410,438	27,768
	\$ 1,447,509	\$ 77,216

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Notes to Financial Statements
(Continued)**

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 consisted of the following:

	2018	2017
Restricted as to purpose:		
Capital campaign	\$ 5,135,163	\$ 3,714,907
Moniek's Legacy	24,750	-
Phillipines Project	4,114	41,309
Claims Conference	2,183	21,250
Collections / Rescuing	-	11,247
Other	-	2,132
Restricted as to period of use:		
Jewish Federation allocation	20,000	20,000
	\$ 5,186,210	\$ 3,810,845

NOTE 7 PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS

Permanently restricted net assets as of June 30, 2018 consisted of contributions to the donor-restricted endowment fund associated with the capital campaign. The endowment will not be fully funded until the construction project has been completed, at which time, any remaining funding from the capital campaign will be transferred to the donor-restricted endowment fund to assist in funding future operations. The Center has a formal investment and spending policy for its endowment funds, but will not implement this policy until the construction project is completed and the endowment is fully funded.

NOTE 8 SPECIAL EVENTS

The Organization held special events during 2018 and 2017. Gross revenues and expenses included in the statement of activities for the years ended June 30, 2018 and 2017 related to these events were:

	2018	2017
Revenues	\$ 267,163	\$ 206,579
Less direct expenses	97,366	48,287
	\$ 169,797	\$ 158,292

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 9 RELATED PARTY TRANSACTIONS

The Organization is closely affiliated with the Jewish Federation of Cincinnati (the Federation). The Federation provides the Organization and other local Jewish non-profit organizations financial support through annual allocations and grants. During 2018 and 2017, the Federation provided grants and allocations of \$40,000 and \$137,500, respectively, to the Organization.

The Federation also provides the Organization accounting and administrative support through its Shared Business Services (SBS) program. During 2018 and 2017, the Organization paid the Federation \$6,250 and \$5,650, respectively, for these services.

The Federation also facilitates the solicitation and collection of the Organization's capital campaign. During 2018 and 2017, the Organization paid the Federation \$5,000 and \$5,000, respectively, for these services and accrued expenses for \$90,000 and \$20,000 as of June 30, 2018 and 2017, respectively.

The Organization is also affiliated with Rockwern Academy (the School) and leases office and exhibit space from the School. Rent expense included in the statement of activities for both of the years ended June 30, 2018 and 2017 was \$29,400.

NOTE 10 COMMITMENTS

In connection with the construction of the new exhibit space, the Organization entered into a contract with a general contractor with an initial estimated cost of \$1,967,716, subject to amendments as provided by the contract. As of June 30, 2018, the Organization incurred and recognized costs of \$117,814 and the remaining \$1,849,902 is expected to be paid during 2019.

In connection with the design of the new exhibit space, the Organization entered into a contract for media production services with a consultant with an initial estimated cost of \$1,403,746. As of June 30, 2018, the Organization incurred and recognized costs of \$492,226 and the remaining \$911,520 is expected to be paid during 2019.

In connection with the design of the new exhibit space, the Organization entered into a contract for design and production services with a consultant with an initial estimated cost of \$415,800. As of June 30, 2018, the Organization incurred and recognized costs of \$301,420 and the remaining \$114,380 is expected to be paid during 2019.