

The Center for Holocaust and Humanity Education

**Financial Statements
June 30, 2017 and 2016, and
Independent Auditors' Report**

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

June 30, 2017 and 2016

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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, 2017 and 2016, 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, 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.



October 27, 2017
Cincinnati, Ohio

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Financial Position
June 30, 2017 and 2016**

	2017	2016
Assets		
Cash and cash equivalents	\$ 621,105	\$ 605,395
Grants, other receivables and other assets	120,410	121,280
Capital campaign pledges receivable, net	2,355,133	-
Restricted cash	1,402,478	-
Certificate of deposit	252,557	252,023
Property and equipment, net	77,216	57,809
Collections	-	-
	<u> -</u>	<u> -</u>
Total assets	<u>\$ 4,828,899</u>	<u>\$ 1,036,507</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 54,796	\$ 18,411
Funds held for Ohio Holocaust Council	19,732	19,822
	<u> -</u>	<u> -</u>
Total liabilities	<u>74,528</u>	<u>38,233</u>
Net assets		
Unrestricted	943,526	913,274
Temporary restricted	3,810,845	85,000
	<u> -</u>	<u> -</u>
Total net assets	<u>4,754,371</u>	<u>998,274</u>
Total liabilities and net assets	<u>\$ 4,828,899</u>	<u>\$ 1,036,507</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Activities
Years Ended June 30, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support						
Contributions	\$ 20,759	\$ 3,882,884	\$ 3,903,643	\$ 95,957	\$ 146,223	\$ 242,180
Grants and allocations	140,225	158,750	298,975	126,964	155,000	281,964
Special events, net	158,292	-	158,292	-	-	-
Other income	47,767	-	47,767	41,858	-	41,858
Net assets released from restrictions	315,789	(315,789)	-	240,272	(240,272)	-
Total revenues and support	<u>682,832</u>	<u>3,725,845</u>	<u>4,408,677</u>	<u>505,051</u>	<u>60,951</u>	<u>566,002</u>
Expenses						
Program services	512,321	-	512,321	511,228	-	511,228
Management and general	79,410	-	79,410	70,993	-	70,993
Fundraising	60,849	-	60,849	21,576	-	21,576
Total expenses	<u>652,580</u>	<u>-</u>	<u>652,580</u>	<u>603,797</u>	<u>-</u>	<u>603,797</u>
Change in net assets	30,252	3,725,845	3,756,097	(98,746)	60,951	(37,795)
Net assets, beginning of year	<u>913,274</u>	<u>85,000</u>	<u>998,274</u>	<u>1,012,020</u>	<u>24,049</u>	<u>1,036,069</u>
Net assets, end of year	<u>\$ 943,526</u>	<u>\$ 3,810,845</u>	<u>\$ 4,754,371</u>	<u>\$ 913,274</u>	<u>\$ 85,000</u>	<u>\$ 998,274</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Functional Expenses
Years Ended June 30, 2017 and 2016**

	2017				2016			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related benefits	\$ 318,235	\$ 22,464	\$ 33,695	\$ 374,394	\$ 292,672	\$ 8,361	\$ 12,542	\$ 313,575
Exhibit costs	53,220	-	-	53,220	6,264	-	-	6,264
Program expenses	58,154	-	-	58,154	36,921	-	-	36,921
Meals and entertainment	13,674	-	-	13,674	13,029	424	-	13,453
Travel and professional development	13,907	8,405	-	22,312	11,055	7,499	-	18,554
Rent	23,520	5,880	-	29,400	24,620	5,880	-	30,500
Marketing and fundraising	12,611	-	27,154	39,765	9,384	-	7,928	17,312
Professional services	-	19,455	-	19,455	-	27,400	-	27,400
Supplies and equipment	2,593	12,461	-	15,054	17,668	11,548	-	29,216
Depreciation	8,913	3,448	-	12,361	61,608	3,936	-	65,544
Technology	7,494	1,873	-	9,367	38,007	738	1,106	39,851
Insurance	-	5,194	-	5,194	-	4,456	-	4,456
Miscellaneous	-	230	-	230	-	751	-	751
	<u>\$ 512,321</u>	<u>\$ 79,410</u>	<u>\$ 60,849</u>	<u>\$ 652,580</u>	<u>\$ 511,228</u>	<u>\$ 70,993</u>	<u>\$ 21,576</u>	<u>\$ 603,797</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**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	\$ 3,756,097	\$ (37,795)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,361	65,544
Contributions restricted for capital campaign	(3,768,130)	-
Changes in:		
Grants and other receivables	870	(30,702)
Other assets	-	8,775
Accounts payable and accrued expenses	25,870	4,864
Funds held for Ohio Holocaust Council	(90)	-
	<u>26,978</u>	<u>10,686</u>
Cash Flows From Investing Activities		
Purchase of certificate of deposit	(534)	(1,920)
Purchase of property and equipment	(21,253)	(3,161)
	<u>(21,787)</u>	<u>(5,081)</u>
Cash Flows From Financing Activities		
Contributions restricted for capital campaign	1,412,997	-
Net Change in Cash, Cash Equivalents and Restricted Cash	1,418,188	5,605
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>605,395</u>	<u>599,790</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 2,023,583</u></u>	<u><u>\$ 605,395</u></u>
Supplemental Cash Flow Information:		
Purchase of property and equipment included in accounts payable	<u><u>\$ 10,515</u></u>	<u><u>\$ -</u></u>

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

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. There were no permanently restricted net assets at June 30, 2017 and 2016.

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, 2017 and 2016, 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.

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.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

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

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. All contributions received are due within one year. 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.

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 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 (Continued)

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.

Reclassifications

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

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 27, 2017, 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, 2017 are due to be collected as follows:

Due within one year	\$	820,000
Due in one to five years		1,608,000
Less unamortized discount		<u>(72,867)</u>
		<u>\$ 2,355,133</u>

A discount rate of 1.93% was used in 2017.

NOTE 3 RESTRICTED CASH

The Organization has \$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 and 2016, the Organization held \$252,557 and \$252,023, respectively, in a certificate of deposit with an original maturity date of greater than three months.

NOTE 5 PROPERTY AND EQUIPMENT

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

	2017	2016
Exhibits	\$ 640,669	\$ 640,669
Computer and other equipment	26,837	22,837
Construction in progress	27,768	-
Less accumulated depreciation	<u>(618,058)</u>	<u>(605,697)</u>
	<u>\$ 77,216</u>	<u>\$ 57,809</u>

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:

	2017	2016
Restricted as to purpose:		
Capital campaign	\$ 3,714,907	\$ -
Phillipines Project	41,309	40,391
Claims Conference	21,250	-
Collections / Rescuing	11,247	15,805
Other	2,132	1,530
Mapping Our Tears	-	9,774
Restricted as to period of use:		
Jewish Federation allocation	20,000	17,500
	\$ 3,810,845	\$ 85,000

NOTE 7 SPECIAL EVENTS

The Organization held a special event, Voices of Humanity, during 2017. Gross revenues and expenses included in the statement of activities related to this event were:

Revenues	\$ 206,579
Less direct expenses	48,287
	\$ 158,292

NOTE 8 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 2017 and 2016, the Federation provided grants and allocations of \$137,500 and \$155,000, respectively, to the Organization.

The Federation also provides the Organization accounting and administrative support through its Shared Business Services (SBS) program. During 2017 and 2016, the Organization paid the Federation \$5,650 and \$4,500, respectively, for these services.

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

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 the years ended June 30, 2017 and 2016 was \$29,400 and \$30,500, respectively.

NOTE 9 COMMITMENTS

In connection with the construction of the new exhibit space, the Organization entered into two contracts for design and production services. The combined contract amounts are for \$690,800, subject to amendments as provided by the contracts.