The Center for Holocaust and Humanity Education

Financial Statements
June 30, 2020 and 2019, and
Independent Auditors' Report

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

June 30, 2020 and 2019

Contents

BARNES DENNIG
Accounting • Tax • Business Insight

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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, 2020 and 2019, 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, 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.

Barnes, Dennig & Co., Ltd.

November 2, 2020
Cincinnati, Ohio

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 728,711	$ 989,300
Grants receivable and other assets	86,935	38,638
Capital campaign pledges receivable, net	3,155,658	4,484,795
Restricted cash	2,415,255	1,474,595
Investments	1,477,422	-
Property and equipment, net	5,568,355	6,098,089
Total assets	$ 13,432,336	$ 13,085,417
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 108,073	$ 106,619
Funds held for Ohio Holocaust Council	15,986	16,542
Total liabilities	124,059	123,161
Net assets		
Without donor restriction	6,047,735	6,771,010
With donor restriction	7,260,542	6,191,246
Total net assets	13,308,277	12,962,256
Total liabilities and net assets	$ 13,432,336	$ 13,085,417

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Grants and contributions	$ 603,120	$ 1,232,904	$ 1,836,024	$ 356,355	$ 4,014,575	$ 4,370,930
Special events, net	-	-	-	170,769	-	170,769
Investment return, net	25,496	28,907	54,403	18,747	-	18,747
Other income	121,846	-	121,846	119,830	-	119,830
Paycheck Protection Program grant	104,000	-	104,000	-	-	-
Net assets released from restrictions	192,515	(192,515)	-	5,209,539	(5,209,539)	-
Total revenues and support	1,046,977	1,069,296	2,116,273	5,875,240	(1,194,964)	4,680,276
Expenses						
Program services	1,508,953	-	1,508,953	1,116,425	-	1,116,425
Management and general	177,468	-	177,468	210,578	-	210,578
Fundraising	83,831	-	83,831	108,165	-	108,165
Total expenses	1,770,252	-	1,770,252	1,435,168	-	1,435,168
Change in net assets	(723,275)	1,069,296	346,021	4,440,072	(1,194,964)	3,245,108
Net assets, beginning of year	6,771,010	6,191,246	12,962,256	2,330,938	7,386,210	9,717,148
Net assets, end of year	$ 6,047,735	$ 7,260,542	$ 13,308,277	$ 6,771,010	$ 6,191,246	$ 12,962,256

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Depreciation	$ 668,312	$ 1,925	$ -	$ 670,237	$ 332,476	$ 3,064	$ -	$ 335,540
Salaries and related benefits	550,367	38,849	58,274	647,490	509,150	35,940	53,910	599,000
Rent	116,541	29,135	-	145,676	82,787	20,697	-	103,484
Professional services	37,058	69,816	25,557	132,431	-	69,963	48,770	118,733
Technology	39,530	9,882	-	49,412	29,884	7,471	-	37,355
Supplies and other	22,019	15,551	-	37,570	3,705	17,821	-	21,526
Exhibit costs	25,752	-	-	25,752	14,931	-	-	14,931
Travel and professional development	15,644	5,536	-	21,180	21,567	6,139	-	27,706
Honorariums and production	18,600	-	-	18,600	25,726	-	-	25,726
Meals and entertainment	15,130	-	-	15,130	9,338	-	-	9,338
Insurance	-	6,774	-	6,774	-	14,592	-	14,592
Grand opening and relocation	-	-	-	-	86,861	34,891	5,485	127,237
	$ 1,508,953	$ 177,468	$ 83,831	$ 1,770,252	$ 1,116,425	$ 210,578	$ 108,165	$ 1,435,168

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 346,021	$ 3,245,108
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	670,237	335,540
Realized and unrealized gains on investments	(15,387)	-
Contributions restricted for capital campaign and endowment	(940,918)	(3,933,974)
Changes in:		
Grants receivable and other assets	(48,297)	54,166
Accounts payable and accrued expenses	1,454	13,443
Funds held for Ohio Holocaust Council	(556)	(1,053)
Net cash provided by (used in) operating activities	12,554	(286,770)
Cash Flows From Investing Activities		
Purchase of investments	(1,462,035)	-
Purchase of property and equipment	(140,503)	(5,244,814)
Net cash used in investing activities	(1,602,538)	(5,244,814)
Cash Flows From Financing Activities		
Collections of contributions restricted for capital campaign and endowment	2,270,055	4,592,985
Net Change in Cash, Cash Equivalents and Restricted Cash	680,071	(938,599)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	2,463,895	3,402,494
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 3,143,966	$ 2,463,895

See accompanying 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 two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

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.

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

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, 2020 and 2019, 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.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments, net of investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as net assets without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization's investments do not have a significant concentration of credit or market risk within any industry, specific institution or group of investments.

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 revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 donor restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenues and net assets with donor restrictions. Absent explicit donor stipulations for the time period the long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restriction to net assets without donor restrictions are reported when the long-lived assets are placed in service.

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

Contributions (Continued)

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 net assets without donor restrictions, or in net assets with donor restrictions 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 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. The most significant allocations are salaries and related expenses, which were allocated based upon time spent by Organization personnel.

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

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.

Effect of Adopting New Accounting Standards

During 2020, the Organization adopted Financial Accounting Services Board (FASB) Accounting Standards Update (ASU 2018-08), *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarified how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also required that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The ASU has been applied using the modified prospective basis for all grants and contracts that were not completed as of July 1, 2019. The adoption of this standard did not have a material impact on the presentation of these financial statements or disclosures.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the year ending June 30, 2021.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease 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. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending June 30, 2023.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

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 November 2, 2020, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise of the following:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 728,711	$ 989,300
Grants receivable and other assets	86,935	38,638
Capital campaign pledges receivable, net	3,155,658	4,484,795
Restricted cash	2,415,255	1,474,595
Investments	1,477,422	-
Total financial assets	7,863,981	6,987,328
Less net assets with donor restrictions for capital campaign and endowments	(7,038,337)	(6,084,097)
	$ 825,644	$ 903,231

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

NOTE 3 CAPITAL CAMPAIGN PLEDGES RECEIVABLE

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

	2020	2019
Due within one year	$ 2,164,937	$ 2,298,204
Due in one to five years	1,020,842	2,275,314
Less unamortized discount	(30,121)	(88,723)
	$ 3,155,658	$ 4,484,795

A discount rate of 1.79% was used at June 30, 2020 and 2019.

NOTE 4 RESTRICTED CASH

The Organization has $2,415,255 and $1,474,595 of proceeds from the capital campaign being held in a depository account with the Jewish Federation of Cincinnati as of June 30, 2020 and 2019, respectively. These funds are donor-restricted for use in the relocation and development of new exhibit space, as well as to establish and endowment to fund future operations.

NOTE 5 INVESTMENTS AT FAIR VALUE

Investments at fair value as of June 30, 2020 consisted of the following:

Level 3:	
Interest in Jewish Federation of Cincinnati pooled investment fund	$ 1,477,422

The Organization holds its investments in the Jewish Federation Investment Fund ("Fund"), which was established to permit the combining of assets for investment and administrative purposes of the Organization and other participating not-for-profit organizations. Net investment income of the Fund (representing interest and dividend income and net investment appreciation or depreciation) is allocated to the participating organizations based on their respective share of the Fund's assets. As the fair value of the fund is estimated using the Organization's proportionate share of the underlying investments and the fund contains certain assets that do not have a readily determinable fair value, these investments are classified within Level 3 of the fair value hierarchy. There are no valuations using Level 1 or Level 2 inputs.

The following table is a reconciliation of all assets measured at fair value on a recurring basis using significant Level 3 unobservable inputs:

	Interest in JFC pooled investment fund
Balance as of June 30, 2019	$ -
Additions	1,450,000
Investment return, net	27,422
Balance as of June 30, 2020	$ 1,477,422

At June 30, 2020, the Organization's investments represented 1.4% of the Fund's total market value. The Fund's investments at June 30, 2020 were allocated as follows: 69% in equities; 7% in flexible capital; 16% in fixed income; 6% in real assets; and 2% in liquid capital.

NOTE 6 PROPERTY AND EQUIPMENT

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

	2020	2019
Exhibits	$ 4,857,125	$ 4,716,622
Leasehold improvements	2,154,287	2,154,287
Computer and other equipment	191,555	191,555
Less accumulated depreciation	(1,634,612)	(964,375)
	$ 5,568,355	$ 6,098,089

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 consisted of the following:

	2020	2019
Restricted as to purpose:		
Capital campaign	$ 4,838,337	$ 3,884,097
Humanity programs	73,960	-
Moniek's Legacy	57,734	49,656
Educational programming	40,708	-
Phillipines Project	24,118	22,250
Early Education	13,185	13,585
Collections / Rescuing	-	1,658
Restricted as to period of use:		
Jewish Federation allocation	12,500	20,000
Donor-restricted endowment	2,200,000	2,200,000
	$ 7,260,542	$ 6,191,246

NOTE 8 ENDOWMENTS

The Organization has established a 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 ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition and Change in Endowment Net Assets

The changes in endowment net assets were as follows:

	With Donor Restrictions
Balance as of June 30, 2019	-
Additions	1,450,000
Investment return, net	27,422
Balance as of June 30, 2020	$ 1,477,422

Investment Policy

The endowment funds are to be held in a custodial account with the Jewish Federation of Cincinnati (JFC). It is the goal of the Organization to have these long-term funds invested in a diversified portfolio, with significant consideration given to protecting the corpus of the funds while realizing earnings appropriate for the given risk level. To achieve this in an efficient manner the Organization has elected to invest its endowment funds along with JFC's endowment funds, directly aligning the Organization's investment strategy with JFC's.

Spending Policy

The Organization's Board has approved a targeted spending policy of 4.0% of the value of the endowment fund per fiscal year, applied to a rolling 16-quarter weighted average of the market value of the asset pool. However, if the Board decides to override the spending policy, it must be done with a super-majority, which is defined as a seventy five percent (75%) majority of the Board of Trustees. While the policy provides for up to 4%, it is not mandatory that such funds are spent from the fund. Any funds approved for spending but not used in a fiscal year can carry forward to be used in the future in addition to future year's approved spending allowances.

NOTE 9 PAYCHECK PROTECTION PROGRAM (PPP) GRANT

On April 11, 2020, the Organization entered into an agreement pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for $104,000. All or a portion of the grant may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. As of the date these financial statements were available to be issued, the Organization has not applied for forgiveness.

The Organization has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the program are "substantially met" and occur on or before the statement of financial position date. As of June 30, 2020, the Organization estimated that all significant conditions under the Program had been substantially met and recognized the entire $104,000 of funding as revenue during 2020.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements
(Continued)

NOTE 10 SPECIAL EVENTS

The Organization held a special event during 2019 and did not hold a special event in 2020 due to restrictions on social gatherings imposed due to the COVID-19 pandemic (see Note 14). All proceeds from the 2020 event were recognized as contributions upon cancellation. Gross revenues and expenses included in the statement of activities for the year ended June 30, 2019 related to this event were:

Revenues	$	360,500
Less direct expenses		189,731
	$	170,769

NOTE 11 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 2020 and 2019, the Federation provided grants and allocations of $25,000 and $40,000, respectively, to the Organization.

The Federation also provides the Organization accounting and administrative support through its Shared Business Services (SBS) program. During 2020 and 2019, the Organization paid the Federation $5,700 and $6,335, respectively, for these services. Additionally, the Organization recorded in-kind revenue of $16,421 and $18,827 for the value of services received from SBS in excess of amounts paid in 2020 and 2019, respectively. This amount was determined based on the market value of services provided.

The Federation also facilitates the solicitation and collection of the Organization's capital campaign. During 2020 and 2019, the Organization paid the Federation $10,000 and $37,225, respectively, for these services and accrued expenses for $91,000 and $91,435 as of June 30, 2020 and 2019, respectively.

NOTE 12 OPERATING LEASES

Through December 2018, the Organization leased exhibit and office space from Rockwern Academy. This lease was terminated in December 2018. Effective January 2019, the Organization began leasing exhibit and office space at Union Terminal under a noncancelable lease with initial maturity in December 2023 and options to renew through December 2037. The lease calls for escalating rent payments to be made over the initial term of the lease. No adjustments have been made for straight-line rental expense, as management has considered them to be immaterial. Rent expense included in the statement of activities was $145,676 and $103,484 for 2020 and 2019, respectively.

NOTE 12 OPERATING LEASES (CONTINUED)

Future minimum lease payments at June 30, 2020 were:

2021	$ 165,419
2022	174,609
2023	180,732
2024	91,898
	$ 612,658

NOTE 13 RISKS AND UNCERTAINTIES

The Organization's investments consist of common stocks, U.S Government and fixed income securities and mutual funds. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2020. However, the diversification of the Organization's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.

NOTE 14 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in the Organization's programs and negative impacts to its program revenues and museum admissions in 2020.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.