

The Center for Holocaust and Humanity Education

**Financial Statements
June 30, 2022 and 2021, and
Independent Auditors' Report**

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

June 30, 2022 and 2021

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 17

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of The Center for Holocaust and Humanity Education (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Center for Holocaust and Humanity Education and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Center for Holocaust and Humanity Education's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center for Holocaust and Humanity Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Center for Holocaust and Humanity Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Barnes, Dennig & Co., Ltd.

December 6, 2022
Cincinnati, Ohio

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,093,813	\$ 909,025
Grants receivable and other assets	69,470	85,504
Capital campaign pledges receivable, net	864,434	1,945,101
Restricted cash	75,308	725,304
Investments	6,068,847	4,981,108
Property and equipment, net	4,406,367	5,021,991
Total assets	\$ 12,578,239	\$ 13,668,033
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 140,814	\$ 101,888
Funds held for Ohio Holocaust Council	-	15,160
Total liabilities	140,814	117,048
Net assets		
Without donor restriction	5,096,787	5,694,388
With donor restriction	7,340,638	7,856,597
Total net assets	12,437,425	13,550,985
Total liabilities and net assets	\$ 12,578,239	\$ 13,668,033

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Grants and contributions	\$ 994,438	\$ 509,435	\$ 1,503,873	\$ 910,725	\$ 146,457	1,057,182
Investment return, net	-	(714,676)	(714,676)	-	665,897	665,897
Other income	118,084	-	118,084	55,489	-	55,489
Paycheck Protection Program grant	-	-	-	106,245	-	106,245
In-kind contributions	25,399	-	25,399	20,314	-	20,314
Net assets released from restrictions	310,718	(310,718)	-	216,299	(216,299)	-
Total revenues and support	1,448,639	(515,959)	932,680	1,309,072	596,055	1,905,127
Expenses						
Program services	1,726,490	-	1,726,490	1,420,837	-	1,420,837
Management and general	211,735	-	211,735	167,709	-	167,709
Fundraising	108,015	-	108,015	73,873	-	73,873
Total expenses	2,046,240	-	2,046,240	1,662,419	-	1,662,419
Change in net assets	(597,601)	(515,959)	(1,113,560)	(353,347)	596,055	242,708
Net assets, beginning of year	5,694,388	7,856,597	13,550,985	6,047,735	7,260,542	13,308,277
Net assets, end of year	\$ 5,096,787	\$ 7,340,638	\$ 12,437,425	\$ 5,694,388	\$ 7,856,597	\$ 13,550,985

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Functional Expenses
Years Ended June 30, 2022 and 2021**

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related benefits	\$ 556,491	\$ 56,655	\$ 83,020	\$ 696,166	\$ 491,900	\$ 46,926	\$ 68,233	\$ 607,059
Depreciation	663,374	-	-	663,374	666,017	-	-	666,017
Professional services	121,259	64,444	17,380	203,083	29,412	62,053	5,640	97,105
Rent	143,844	35,961	-	179,805	87,480	21,870	-	109,350
Supplies and other	79,166	17,990	7,615	104,771	27,270	14,733	-	42,003
Technology	73,826	18,465	-	92,291	26,935	6,734	-	33,669
Exhibits and production costs	88,530	-	-	88,530	91,823	-	-	91,823
Insurance	-	18,220	-	18,220	-	15,393	-	15,393
	<u>\$ 1,726,490</u>	<u>\$ 211,735</u>	<u>\$ 108,015</u>	<u>\$ 2,046,240</u>	<u>\$ 1,420,837</u>	<u>\$ 167,709</u>	<u>\$ 73,873</u>	<u>\$ 1,662,419</u>

See accompanying notes to financial statements

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (1,113,560)	\$ 242,708
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	663,374	666,017
Realized and unrealized (gains) losses on investments	714,676	(661,555)
Contributions restricted for capital campaign and endowment	(87,590)	(12,000)
Changes in:		
Grants receivable and other assets	16,034	1,431
Accounts payable and accrued expenses	38,926	(6,185)
Funds held for Ohio Holocaust Council	(15,160)	(826)
Net cash provided by (used in) operating activities	216,700	229,590
Cash Flows From Investing Activities		
Purchase of investments	(1,802,415)	(2,842,131)
Purchase of property and equipment	(47,750)	(119,653)
Net cash used in investing activities	(1,850,165)	(2,961,784)
Cash Flows From Financing Activities		
Collections of contributions restricted for capital campaign and endowment	1,168,257	1,222,557
Net Change in Cash, Cash Equivalents and Restricted Cash	(465,208)	(1,509,637)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,634,329	3,143,966
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 1,169,121	\$ 1,634,329

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 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 were first applied to the construction of the new exhibit space and any remaining funds were transferred to a donor-restricted endowment at the conclusion of the project. The construction was substantially completed and the new museum space opened in 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)

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, 2022 and 2021, 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.

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 (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.

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract should be accounted for as a single or more than one performance obligation.

Revenue from customers is primarily recognized from admissions to the museum, which is included in other income on the statements of activities. Contracts for admission to the center consist of a single performance obligation to provide access to the attractions and other facilities. Revenue is recognized over the time of the admissions period using the time elapsed method. Admission contracts are for a single day pass. The transaction price is stated in the contract and known at the time of contract inception. The nature of the Organization's business gives rise to variable considerations in the form of discounts that are applied to its performance obligation at contract inception. The payment for admission is required to be paid upfront and recorded on the date of admission redemption. Revenue from these purchases is recognized upon the satisfaction of the performance obligations, which is over the period of the admission contract.

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.

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. The most significant allocations are salaries and related expenses, which were allocated based upon time spent by Organization personnel.

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

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets, which was applied retrospectively.

Recently Issued Accounting Standards

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.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Notes to Financial Statements
(Continued)**

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

Reclassifications

Certain 2021 figures were reclassified to conform to the 2022 presentation.

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through December 6, 2022, 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:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,093,813	\$ 909,025
Grants receivable and other assets	69,470	85,504
Capital campaign pledges receivable, net	864,434	1,945,101
Restricted cash	75,308	725,304
Investments	6,068,847	4,981,108
Total financial assets	8,171,872	8,646,042
Less net assets with donor restrictions for capital campaign, endowments, and activities beyond one year	(7,098,481)	(7,643,271)
Add budgetted endowment draws	254,800	94,000
	\$ 1,328,191	\$ 1,096,771

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.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 3 CAPITAL CAMPAIGN PLEDGES RECEIVABLE

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

	2022	2021
Due within one year	\$ 864,434	\$ 1,884,613
Due in one to five years	-	61,571
Less unamortized discount	-	(1,083)
	\$ 864,434	\$ 1,945,101

A discount rate of 1.79% was used at June 30, 2022 and 2021.

NOTE 4 RESTRICTED CASH

The Organization has \$75,308 and \$725,304 of proceeds from the capital campaign being held in a depository account with the Jewish Federation of Cincinnati as of June 30, 2022 and 2021, respectively. These funds are donor-restricted for use in the relocation and development of new exhibit space, as well as to establish an endowment to fund future operations.

NOTE 5 INVESTMENTS AT FAIR VALUE

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

	2022	2021
Level 3:		
Interest in Jewish Federation of Cincinnati pooled investment fund	\$ 6,068,847	\$ 4,981,108

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 CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Notes to Financial Statements
(Continued)**

NOTE 5 INVESTMENTS AT FAIR VALUE (CONTINUED)

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, 2020	\$ 1,477,422
Additions	2,837,828
Investment return, net	665,858
Balance as of June 30, 2021	\$ 4,981,108
Additions	1,802,415
Investment return, net	(714,676)
Balance as of June 30, 2022	\$ 6,068,847

At June 30, 2022 and 2021, the Organization's investments represented 12.09% and 10.7% of the Fund's total market value, respectively. The Fund's investments at June 30, 2022 were allocated as follows: 80% in multi-asset class funds; 12% in global equities; 6% in fixed income; and 2% in cash. The Fund's investments at June 30, 2021 were allocated as follows: 80% in multi-asset class funds; 12% in equities; 6% in fixed income; and 2% in liquid capital.

NOTE 6 PROPERTY AND EQUIPMENT

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

	2022	2021
Exhibits	\$ 5,024,528	\$ 4,857,125
Leasehold improvements	2,154,287	2,154,287
Computer and other equipment	191,555	191,555
Construction in Progress	-	119,653
Less accumulated depreciation	(2,964,003)	(2,300,629)
	\$ 4,406,367	\$ 5,021,991

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Restricted as to purpose:		
Capital campaign	\$ 864,434	\$ 2,662,163
Student field trips	200,000	-
Moniek's Legacy	47,245	24,991
Holocaust Awareness program	24,427	20,000
Phillipines Project	24,136	24,136
Cincinnati Regional Coalition Against Hate (CRCAH)	21,457	10,000
Humanity programs	-	72,331
Educational programming	15,200	49,368
Restricted as to period of use:		
Jewish Federation allocation	17,000	12,500
Individual contributions	30,334	-
Donor-restricted endowment and restricted cash	6,096,405	4,981,108
	\$ 7,340,638	\$ 7,856,597

NOTE 8 ENDOWMENTS

The Organization has established a donor-restricted endowment fund associated with the capital campaign. The endowment was fully funded in 2022 as the construction projects were complete. Remaining funds from the capital campaign were 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 and has implemented this policy now that the construction projects are complete and the endowment is fully funded.

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.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

**Notes to Financial Statements
(Continued)**

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, 2020	\$ 1,477,422
Contributions	2,837,828
Investment return, net	665,858
Balance as of June 30, 2021	4,981,108
Additions	1,802,415
Investment return, net	(714,676)
Balance as of June 30, 2022	\$ 6,068,847

NOTE 9 PAYCHECK PROTECTION PROGRAM (PPP) GRANT

On March 9, 2021, 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 \$106,245. 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. On November 9, 2021, the Organization received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. The Organization 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, 2021, the Organization estimated that all significant conditions under the Program had been substantially met and recognized the entire amount of funding as revenue during 2021.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 10 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 2022 and 2021, the Federation provided grants and allocations of \$84,593 and \$25,000 to the Organization.

The Federation also provides the Organization accounting and administrative support through its Shared Business Services (SBS) program. During 2022 and 2021, the Organization paid the Federation \$9,000 and \$7,100, respectively, for these services. Additionally, the Organization recorded in-kind revenue of \$25,399 and \$20,314 for the value of services received from SBS in excess of amounts paid in 2022 and 2021, 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 2022 and 2021, the Organization paid the Federation \$-0- and \$90,000, respectively, for these services and had no accrued expenses for both June 30, 2022 and 2021.

NOTE 11 OPERATING LEASES

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 \$179,805 and \$109,350 for 2022 and 2021, respectively.

Future minimum lease payments at June 30, 2022 were:

2023	\$	180,732
2024		<u>91,898</u>
	\$	<u><u>272,630</u></u>

NOTE 12 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, 2022. 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.

THE CENTER FOR HOLOCAUST AND HUMANITY EDUCATION

Notes to Financial Statements (Continued)

NOTE 13 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 2022 and 2021.

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.