

# **HOLOCAUST MUSEUM HOUSTON**

Consolidated Financial Statements

June 30, 2024 and 2023



## **Contents**

---

Independent Auditor's Report	1 - 3
------------------------------	-------

---

### **Consolidated Financial Statements**

Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes To Consolidated Financial Statements.	10 - 26

---

### **Supplementary Information**

Schedule I - Consolidating Statements of Financial Position	28 - 31
Schedule II - Consolidating Statements of Activities and Changes in Net Assets	32 - 33

## **Independent Auditor's Report**

To the Board of Trustees of  
Holocaust Museum Houston

To the Board of Directors of  
Holocaust Museum Houston Foundation  
Houston, Texas

### **Opinion**

We have audited the consolidated financial statements of Holocaust Museum Houston (a nonprofit corporation) and Holocaust Museum Houston Foundation (a nonprofit corporation) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

### **Other Matter**

The consolidated financial statements of the Organization, as of and for the year ended June 30, 2023, were audited by other auditors, whose report, dated November 28, 2023, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
December 5, 2024

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 312,031	\$ 244,488
Pledges Receivable		
Capital Campaign, Net	100,000	1,554,070
Other, Net	678,009	1,194,739
Employee Retention Credit Receivable	299,855	299,855
Inventory	32,959	71,071
Prepaid Expenses and Other Assets	219,826	319,309
	<u>1,642,680</u>	<u>3,683,532</u>
Pledges Receivable, Net of Current Portion	196,020	400,009
Investments	12,445,870	11,739,441
Property and Equipment, Net	33,964,021	35,735,222
	<u>33,964,021</u>	<u>35,735,222</u>
<b>Total Assets</b>	<u>\$ 48,248,591</u>	<u>\$ 51,558,204</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 248,030	\$ 339,980
Lines of Credit	1,430,000	1,805,336
Deferred Revenue	251,266	244,162
	<u>1,929,296</u>	<u>2,389,478</u>
Lines of Credit, Net of Current Portion	<u>2,500,000</u>	<u>3,345,000</u>
<b>Total Liabilities</b>	<u>4,429,296</u>	<u>5,734,478</u>
<b>Net Assets</b>		
Without Donor Restrictions	34,439,142	36,313,503
With Donor Restrictions	9,380,153	9,510,223
	<u>43,819,295</u>	<u>45,823,726</u>
<b>Net Assets</b>	<u>43,819,295</u>	<u>45,823,726</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 48,248,591</u>	<u>\$ 51,558,204</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Contributions	\$ 1,498,338	\$ 888,312	\$ 2,386,650
In-Kind Contributions	79,548	-	79,548
Special Events, Net (Revenues of \$2,043,920 Less Expenses of \$546,826)	1,497,094	-	1,497,094
Membership Fees	497,162	-	497,162
Admissions, Tours, and Programs	439,726	-	439,726
Merchandise Sales	153,204	-	153,204
Rental and Other Income	167,687	-	167,687
Investment Return, Net	446,892	915,609	1,362,501
	4,779,651	1,803,921	6,583,572
Net Assets Released From Donor Restrictions	1,933,991	(1,933,991)	-
<b>Total Support and Revenues</b>	<b>6,713,642</b>	<b>(130,070)</b>	<b>6,583,572</b>
<b>Expenses</b>			
<b>Program Services</b>	5,583,265	-	5,583,265
<b>Supporting Services</b>			
Management and General	1,625,944	-	1,625,944
Fundraising	1,378,794	-	1,378,794
<b>Total Expenses</b>	<b>8,588,003</b>	<b>-</b>	<b>8,588,003</b>
<b>Change in Net Assets</b>	<b>(1,874,361)</b>	<b>(130,070)</b>	<b>(2,004,431)</b>
<b>Net Assets, Beginning of Fiscal Year</b>	<b>36,313,503</b>	<b>9,510,223</b>	<b>45,823,726</b>
<b>Net Assets, End of Fiscal Year</b>	<b>\$ 34,439,142</b>	<b>\$ 9,380,153</b>	<b>\$ 43,819,295</b>

The accompanying notes are an integral part of these consolidated financial statements.

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Contributions	\$ 1,078,244	\$ 3,000,084	\$ 4,078,328
In-Kind Contributions	116,651	-	116,651
Special Events, Net (Revenues of \$2,370,851 Less Expenses of \$717,757)	1,653,094	-	1,653,094
Membership Fees	294,399	-	294,399
Admissions, Tours, and Programs	454,879	-	454,879
Merchandise Sales	101,262	-	101,262
Rental and Other Income	202,810	-	202,810
Employee Retention Credit	299,855	-	299,855
Investment Return, Net	376,750	723,506	1,100,256
	4,577,944	3,723,590	8,301,534
Net Assets Released From Donor Restrictions	1,327,247	(1,327,247)	-
<b>Total Support and Revenues</b>	<b>5,905,191</b>	<b>2,396,343</b>	<b>8,301,534</b>
<b>Expenses</b>			
<b>Program Services</b>	5,830,623	-	5,830,623
<b>Supporting Services</b>			
Management and General	1,774,900	-	1,774,900
Fundraising	1,530,427	-	1,530,427
<b>Total Expenses</b>	<b>9,135,950</b>	<b>-</b>	<b>9,135,950</b>
<b>Change in Net Assets</b>	<b>(3,230,759)</b>	<b>2,396,343</b>	<b>(834,416)</b>
<b>Net Assets, Beginning of Fiscal Year</b>	<b>39,544,262</b>	<b>7,113,880</b>	<b>46,658,142</b>
<b>Net Assets, End of Fiscal Year</b>	<b>\$ 36,313,503</b>	<b>\$ 9,510,223</b>	<b>\$ 45,823,726</b>

The accompanying notes are an integral part of these consolidated financial statements.



**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	Program Services				Supporting Services				Total
	Exhibitions	Education	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and Benefits	\$ 712,629	\$ 630,673	\$ 583,255	\$ 1,926,557	\$ 630,656	\$ 707,829	\$ 1,338,485	\$ 3,265,042	
Advertising	236,879	644	751	238,274	16,833	30,932	47,765	286,039	
Audiovisual	61	-	-	61	45	-	45	106	
Awards	485	326	2,692	3,503	2,281	5,714	7,995	11,498	
Bad Debt Expense	-	-	-	-	(1,442)	164,520	163,078	163,078	
Bank and Merchant Fees	-	-	42	42	81,532	758	82,290	82,332	
Catering	14,670	30,495	24,949	70,114	10,991	17,235	28,226	98,340	
Computer Services and Software	51,137	19,139	55,025	125,301	35,570	86,388	121,958	247,259	
Contract Services	190,693	25,063	63,399	279,155	265,273	89,062	354,335	633,490	
Depreciation	1,185,763	138,157	225,376	1,549,296	161,047	60,858	221,905	1,771,201	
Dues and Subscriptions	4,257	1,257	2,391	7,905	6,969	1,753	8,722	16,627	
Education Sponsorships	-	1,700	445	2,145	500	-	500	2,645	
Engraving	76	128	446	650	576	855	1,431	2,081	
Equipment	6,399	943	3,351	10,693	6,219	1,222	7,441	18,134	
Honorariums	100,500	18,600	685	119,785	-	200	200	119,985	
Insurance	110,184	20,194	35,079	165,457	34,490	10,211	44,701	210,158	
Interest Expense	-	-	-	-	251,200	-	251,200	251,200	
Janitorial	66,029	11,408	20,627	98,064	11,731	4,967	16,698	114,762	
Meals and Entertainment	15,031	1,191	934	17,156	2,340	1,299	3,639	20,795	
Permits	-	-	-	-	918	-	918	918	
Photography	1,750	1,675	1,700	5,125	950	3,775	4,725	9,850	
Postage and Shipping	39,484	127	5,607	45,218	3,001	32,288	35,289	80,507	
Printing and Publications	1,284	5,226	5,681	12,191	17,471	62,196	79,667	91,858	
Professional Development	3,650	12,209	1,435	17,294	2,850	1,734	4,584	21,878	
Rentals	263,192	10,865	8,076	282,133	10,358	1,811	12,169	294,302	
Repairs and Maintenance	64,563	11,011	21,778	97,352	15,750	4,591	20,341	117,693	
Security	4,655	808	1,460	6,923	1,031	337	1,368	8,291	
Signage	5,682	-	-	5,682	634	6,326	6,960	12,642	
Storage	46,335	-	7,184	53,519	14,301	-	14,301	67,820	
Store Cost of Sales	-	-	134,487	134,487	-	-	-	134,487	
Supplies	13,275	5,247	8,444	26,966	6,985	2,416	9,401	36,367	
Travel	46,366	62,290	11,292	119,948	3,841	13,177	17,018	136,966	
Utilities	100,346	19,826	32,089	152,261	22,502	7,267	29,769	182,030	
Other Expenses	5,366	820	3,822	10,008	8,541	59,073	67,614	77,622	
<b>Total Expenses</b>	<b>\$ 3,290,741</b>	<b>\$ 1,030,022</b>	<b>\$ 1,262,502</b>	<b>\$ 5,583,265</b>	<b>\$ 1,625,944</b>	<b>\$ 1,378,794</b>	<b>\$ 3,004,738</b>	<b>\$ 8,588,003</b>	

The accompanying notes are an integral part of these consolidated financial statements.

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	Program Services				Supporting Services				Total
	Exhibitions	Education	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and Benefits	\$ 711,680	\$ 658,779	\$ 839,462	\$ 2,209,921	\$ 888,853	\$ 998,250	\$ 1,887,103	\$ 4,097,024	
Advertising	127,276	1,000	2,748	131,024	22,540	50,123	72,663	203,687	
Audiovisual	-	150	100	250	-	-	-	250	
Awards	420	680	2,797	3,897	6,776	14,439	21,215	25,112	
Bad Debt Expense	-	-	-	-	2,515	2,486	5,001	5,001	
Bank and Merchant Fees	3	-	24	27	84,023	187	84,210	84,237	
Catering	18,125	30,902	20,272	69,299	12,503	29,592	42,095	111,394	
Computer Services and Software	42,937	22,754	69,078	134,769	61,309	84,715	146,024	280,793	
Contract Services	255,252	77,440	64,259	396,951	102,870	106,616	209,486	606,437	
Depreciation	1,208,642	138,975	227,129	1,574,746	156,162	63,152	219,314	1,794,060	
Dues and Subscriptions	7,135	3,866	6,094	17,095	14,557	7,722	22,279	39,374	
Education Sponsorships	-	949	435	1,384	-	-	-	1,384	
Equipment	10,286	1,397	2,603	14,286	1,177	1,389	2,566	16,852	
Honorariums	100	45,594	6,784	52,478	-	530	530	53,008	
Insurance	103,885	17,049	30,161	151,095	31,793	9,802	41,595	192,690	
Interest Expense	-	-	-	-	220,977	-	220,977	220,977	
Janitorial	66,545	11,556	20,906	99,007	11,882	4,819	16,701	115,708	
Legal Fees	-	850	-	850	-	-	-	850	
Meals and Entertainment	2,797	5,562	4,478	12,837	15,915	5,045	20,960	33,797	
Permits	-	-	-	-	818	-	818	818	
Photography	3,200	1,550	2,525	7,275	1,000	8,000	9,000	16,275	
Postage and Shipping	90,997	413	1,613	93,023	4,345	34,559	38,904	131,927	
Printing and Publications	18,714	10,681	8,015	37,410	20,926	67,505	88,431	125,841	
Professional Development	1,424	6,559	3,119	11,102	10,832	1,315	12,147	23,249	
Rentals	109,647	16,076	7,836	133,559	8,589	9,074	17,663	151,222	
Repairs and Maintenance	95,188	16,646	30,144	141,978	16,996	6,892	23,888	165,866	
Security	17,172	2,982	5,389	25,543	3,253	1,243	4,496	30,039	
Signage	11,575	1,330	156	13,061	1,023	4,744	5,767	18,828	
Storage	37,823	-	4,410	42,233	14,141	-	14,141	56,374	
Store Cost of Sales	-	-	70,877	70,877	-	-	-	70,877	
Supplies	7,298	25,884	7,571	40,753	13,347	2,966	16,313	57,066	
Travel	47,113	115,821	9,929	172,863	8,196	4,826	13,022	185,885	
Utilities	97,953	19,484	31,337	148,774	30,562	7,094	37,656	186,430	
Other Expenses	17,568	353	4,335	22,256	7,020	3,342	10,362	32,618	
<b>Total Expenses</b>	<b>\$ 3,110,755</b>	<b>\$ 1,235,282</b>	<b>\$ 1,484,586</b>	<b>\$ 5,830,623</b>	<b>\$ 1,774,900</b>	<b>\$ 1,530,427</b>	<b>\$ 3,305,327</b>	<b>\$ 9,135,950</b>	

The accompanying notes are an integral part of these consolidated financial statements.

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidated Statement of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash flows from Operating Activities</b>		
Change in Net Assets	\$ (2,004,431)	\$ (834,416)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Provision for Allowance for Uncollectible Pledges Receivable	(161,760)	(74,583)
Change in Discount on Pledges Receivable - Capital Campaign	8,308	(31,435)
Change in Reserve for Slow-Moving Inventory	8,487	-
Depreciation	1,771,201	1,794,060
Fair Value of Contributed Property	-	(46,990)
Fair Value of Stock Contributed	(162,122)	(29,016)
Contributions Restricted for Endowment	(123,167)	(1,122,947)
Realized and Unrealized Gain on Investments	(1,019,625)	(982,433)
Changes in Operating Assets and Liabilities:		
Pledges Receivable - Other	1,617,570	(888,722)
Employee Retention Credit Receivable	-	417,508
Inventory	29,625	(10,919)
Prepaid Expenses and Other Assets	99,483	(132,698)
Accounts Payable and Accrued Expenses	(91,950)	(60,337)
Deferred Revenue	7,104	244,162
<b>Net Cash Used in Operating Activities</b>	<b>(21,277)</b>	<b>(1,758,766)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	-	(76,044)
Reinvestment of Dividends and Interest	(342,876)	(143,910)
Purchases of Investments	(3,407,432)	(7,352,354)
Proceeds from Sale of Investments	4,225,626	7,211,761
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>475,318</b>	<b>(360,547)</b>
<b>Cash Flows from Financing Activities</b>		
Borrowings on Lines of Credit	1,725,000	2,437,000
Payments on Lines of Credit	(2,945,336)	(3,146,664)
Contributions Restricted for Endowment	123,167	1,122,947
Collections on Pledges Receivable - Capital Campaign	710,671	1,326,621
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(386,498)</b>	<b>1,739,904</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>67,543</b>	<b>(379,409)</b>
<b>Cash and Cash Equivalents, Beginning of Fiscal Year</b>	<b>244,488</b>	<b>623,897</b>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<b>\$ 312,031</b>	<b>\$ 244,488</b>
<b>Supplemental Cash Flow Information</b>		
Interest Paid	\$ 251,200	\$ 220,977

The accompanying notes are an integral part of these consolidated financial statements.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies

Holocaust Museum Houston (the Museum) is a Texas nonprofit corporation located in Houston, Texas. The Museum's mission is to establish and maintain a memorial to the millions of individuals who perished during World War II at the hands of the Nazis, and to continue to educate and enlighten people by promoting and presenting programs on remembrance, understanding, and prevention.

The Houston Holocaust Museum Foundation, Inc. dba Holocaust Museum Houston Foundation (the Foundation) is a Texas nonprofit corporation. The Foundation operates exclusively for charitable and educational purposes in connection with the Museum. The Museum is the sole member of the Foundation. Distributions by the Foundation are limited to the Museum or to another qualified organization designated by the Museum.

#### **Basis of Consolidation**

These consolidated financial statements include the assets, liabilities, net assets, and activities of the Museum and the Foundation (collectively, the Organization). All balances and transactions between the consolidated entities have been eliminated. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Program Services**

The Organization's program services, which are fully bilingual in English and Spanish, consists of the following:

- Exhibitions - There are four permanent exhibitions: 1) the Holocaust Gallery, 2) the Human Rights Gallery, 3) the Diaries Gallery, and 4) the Samuel Bak Gallery. Rotating temporary exhibitions explore a variety of themes including the Holocaust, human rights, and genocide. Virtual tours are available for all permanent exhibitions except the Diaries Gallery and select temporary exhibitions.
- Education - Teaches students and teachers about the dangers of hatred, apathy, and prejudice through a variety of programs including on-site workshops, virtual sessions, and sending educators to Houston area classrooms.
- Other - Includes:
  - Library Services - Provides research materials serving the needs of students and researchers of all ages. The collection houses over 10,000 items relating to the Holocaust.
  - Public Programming - Offers a variety of lectures, panel discussions, and film viewings for public in-person and virtual attendance relating to the Holocaust with both a local and world-wide view.
  - Visitor and Volunteer Services - Trains volunteers and docents to serve visitors and enhance the visitor's experience using their knowledge of the galleries and exhibition content. They stand as Museum ambassadors teaching how each of us can emulate upstander behavior.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### Financial Statement Presentation

The Organization's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Boards.
- Net Assets With Donor Restrictions - Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

#### Cash and Cash Equivalents

Highly liquid investments with original maturities of three months or less are considered cash and cash equivalents.

#### Pledges Receivable, Net

Pledges are recorded as revenue in the year they are received unless they contain a conditional promise to give. Pledges receivable that are expected to be collected within one year are recorded at their realizable value. Pledges that are expected to be collected in more than one year are recorded net of a discount to reflect the present value of the estimated future cash flow of the pledges.

An allowance is made for uncollectible pledges receivable based on the Organization's analysis of past collection experience and other judgmental factors. Based on these factors, the allowance for uncollectible pledges totaled \$173,636 and \$45,078 at June 30, 2024 and 2023, respectively.

#### Inventory

Inventory is valued at the lower of cost or net realizable value. Inventory is reported net of a reserve for slow-moving inventory of \$41,955 and \$33,468 at June 30, 2024 and 2023, respectively.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### **Investments and Investment Return, Net**

Investments in marketable equity and debt securities are reported at fair value. Investment income, including unrealized gains and losses, is reported in the consolidated statements of activities and changes in net assets as an increase or decrease in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Investment income (loss) whose use is restricted by the donor is reported as an increase or decrease in net assets with donor restrictions until expended in accordance with donor-imposed restrictions. Donated marketable securities are recorded as contributions at their fair market values at the date of donation. The Organization's policy is to sell donated securities within a short period of time and to record the difference between the fair value and the proceeds from the sale of securities as a realized gain or loss.

#### **Property and Equipment, Net**

Property and equipment are reported at cost if purchased and at estimated fair market value at the date of contribution if donated. Expenditures for major additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from three to forty years.

#### **Impairment of Long-Lived Assets**

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recorded during the fiscal years ended June 30, 2024 and 2023.

#### **Collections**

The Organization's collections are made up of historical artifacts, works of art, books, and other items pertaining to education, research, and curatorial purposes. Each of the items are preserved and cared for and activities verifying existence and assessing condition are performed periodically. Collections are not recorded as assets in the consolidated statements of financial position, rather they are recorded as an expense in the period they are acquired.

The Organization has never sold an item from its collection. In the unlikely event that a collection item was sold or disposed of, the proceeds would be used to further the Organization's mission.

#### **Revenue Recognition**

The Organization records special events revenue equal to the gross proceeds paid by participants less the fair value of costs directly benefitting the participants. Revenue from special events are recognized when the event occurs and performance obligations are met. Amounts received in advance of events are reported as deferred revenue in the consolidated statements of financial position.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

Membership fees, which are generally nonrefundable, are recorded as revenues in the period in which they are earned. Membership fees paid in advance are deferred for the portion of the membership that pertains to future periods.

Merchandise sales consist primarily of book sales, exhibition related items, and other branded items. Revenue is recognized at the time of purchase.

Deferred revenue consists of amounts received for special events and membership fees collected in connection with the Organization's activities that apply to future periods. The following provides information about significant changes in deferred revenue for the years ended June 30, 2024 and 2023:

	2024	2023
<b>Deferred Revenue, Beginning of Year</b>	<b>\$ 244,162</b>	<b>\$ -</b>
Increases in Deferred Revenue Due to Cash Received During the Period	<b>251,266</b>	244,162
Revenue Recognized	<b>(244,162)</b>	-
<b>Deferred Revenue, End of Year</b>	<b>\$ 251,266</b>	<b>\$ 244,162</b>

#### Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional contributions are those with measurable performance or other barriers, and a right of return, and are not recognized until the conditions on which they depend have been substantially met.

#### In-Kind Contributions

Donated facilities, securities, goods and services are recognized at estimated fair value at the date of donation. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

#### Fair Value Measurements

The carrying amounts of pledges receivable and accounts payable and accrued expenses approximate fair value, because of the short-term nature of these instruments. Investments are carried at fair value.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### **Advertising**

Advertising costs are expensed as incurred. The Organization expensed \$286,039 and \$203,687 during the fiscal years ended June 30, 2024 and 2023, respectively.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported revenues and expenses, and the allocation of expenses among various services. Accordingly, actual results could differ from those estimates.

#### **Federal Income Tax**

The Organization is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code (the Code). The Museum is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi) and the Foundation is classified as a Type I supporting organization under §509(a)(3). Contributions to the Organization are tax-deductible within the limitations prescribed by the Code. The Museum may receive income from unrelated business activities; however, no unrelated business income tax was due at June 30, 2024 and 2023. The Organization files annual federal information returns.

Uncertain tax positions are recognized in the consolidated financial statements only if that position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense. The Organization did not recognize any uncertain tax positions or any interest and penalties related to uncertain tax positions.

The Organization's tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

#### **Functional Expenses**

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques as determined by management.



# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### Functional Expenses (Continued)

The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries and Benefits	Time and Effort
Depreciation	Square Footage
Computer Services and Software	Department Head Count
Rentals	Square Footage
Utilities	Square Footage
Other Occupancy	Square Footage

#### Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivable. At times, the Organization maintains deposits in federally insured financial institutions in excess of federally insured limits. The Organization has not experienced any losses related to such accounts. Cash and cash equivalents are placed with highly-accredited, quality financial institutions and management believes it is not exposed to any significant credit risk. There were no cash and cash equivalents in excess of federally insured limits as of June 30, 2024 and 2023.

As of and for the fiscal years ended June 30, 2024 and 2023, pledges from one donor accounted for approximately 15% and 36%, respectively, of pledges receivable and there were no concentrations from donor contributions received.

#### Investment Risk

Investment securities consist primarily of mutual funds that could subject the Organization to losses in the event of a general downturn in the public securities markets. Due to normal security market fluctuations, it is possible that changes in net values of investment securities will occur in the near-term and that such change could materially affect the amounts recorded in the consolidated statements of financial position.

#### Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 1. Form of Organization and Summary of Significant Accounting Policies (Continued)

#### Recent Accounting Pronouncements

On July 1, 2023, the Organization adopted Accounting Standard Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*. The Organization adopted this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period financial information in accordance with previous accounting guidance. Adoption of ASC 326 to the estimate of the allowance for credit losses had no material impact to the consolidated financial statements.

### Note 2. Availability and Liquidity

Total financial assets held by the Organization, and the amounts of those financial assets that could be made readily available to meet general expenditures within one year of the consolidated statement of financial position dates, were as follows at June 30:

	2024	2023
<b>Financial Assets at Fiscal Year-End</b>		
Cash and Cash Equivalents	\$ 312,031	\$ 244,488
Pledges Receivable - Capital Campaign, Net	100,000	1,526,740
Pledges Receivable - Other, Net	874,029	1,622,078
Employee Retention Credit Receivable	299,855	299,855
Investments	12,445,870	11,739,441
<b>Total Financial Assets</b>	<b>14,031,785</b>	15,432,602
<b>Financial Assets not Available for General Expenditure</b>		
Less: Net Assets With Donor Restrictions	(9,380,153)	(9,510,223)
Less: Board-Designated for Endowment	(3,975,717)	(4,073,438)
Less: Amounts Held as Collateral Under Lending Agreements	(62,581)	(1,698,460)
Add: Net Assets With Purpose Restrictions to be Met in Less than One Year	335,489	186,867
Add: Budget Approved Releases of Board-Designated Funds and Endowment Appropriation Approved for Upcoming Year	201,313	224,270
<b>Financial Assets Available to Meet General Expenditures within One Year</b>	<b>\$ 1,150,136</b>	<b>\$ 561,618</b>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities (see Note 4), and lines of credit (see Note 7).

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 2. Availability and Liquidity (Continued)

The Organization's governing boards have designated a portion of its net assets without donor restrictions for endowment purposes. These funds are invested for long-term appreciation and current income, but remain available and may be spent at the discretion of the Foundation board. At June 30, 2024 and 2023, \$3,975,715 and \$4,073,438, respectively, was designated for the endowment. The board-designated endowment is governed by the Foundation board. The Museum has an operating line of credit that matures in December 2025 and has a capital campaign line of credit that requires a principal payment of \$1,000,000 in April 2025. The Foundation board has committed to provide on-going support to the Museum as needed through December 2025 to fund on-going operations and long-term debt requirements.

### Note 3. Pledges Receivable, Net

Unconditional pledges receivable are expected to be collected as follows at June 30:

	2024	2023
<b>Pledges Receivable Expected to be Collected in:</b>		
Less than One Year	\$ 899,009	\$ 2,789,511
One to Five Years	263,600	417,637
Five to Ten Years	-	10,000
<b>Total Pledges Receivable</b>	<b>1,162,609</b>	<b>3,217,148</b>
Less: Allowance For Uncollectible Pledges	(173,636)	(45,078)
Less: Discount To Present Value	(14,944)	(23,252)
<b>Total Pledges Receivable, Net</b>	<b>\$ 974,029</b>	<b>\$ 3,148,818</b>

Pledges receivable due greater than one year are discounted to their present value at the time the pledge is made using the current U.S. Treasury security rate. The discount rates during fiscal years ended 2024 and 2023 ranged from 3.0% - 4.0%.

### Note 4. Investments and Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 4. Investments and Fair Value Measurements (Continued)

Certain of the Organization's financial assets are measured at fair value on a recurring basis. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Financial instruments measured at fair value on a recurring basis were as follows:

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Domestic Equity Mutual Funds	\$ 4,971,342	\$ -	\$ -	\$ 4,971,342
Fixed Income Mutual Funds	3,438,745	-	-	3,438,745
International Equity Mutual Funds	1,993,543	-	-	1,993,543
Emerging Markets Mutual Funds	914,385	-	-	914,385
Real Estate Investment Trust Mutual Funds	1,127,855	-	-	1,127,855
<b>Total Investments</b>	<b>\$ 12,445,870</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,445,870</b>
<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Domestic Equity Mutual Funds	\$ 4,199,984	\$ -	\$ -	\$ 4,199,984
Fixed Income Mutual Funds	3,442,696	-	-	3,442,696
International Equity Mutual Funds	2,031,413	-	-	2,031,413
Emerging Markets Mutual Funds	1,062,201	-	-	1,062,201
Real Estate Investment Trust Mutual Funds	1,003,147	-	-	1,003,147
<b>Total Investments</b>	<b>\$ 11,739,441</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,739,441</b>

Mutual funds are valued at the publicly-quoted daily closing price as reported by the fund and are deemed to be actively-traded.

The valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date. There have been no changes in methodologies used at June 30, 2024 and 2023.

## HOLOCAUST MUSEUM HOUSTON

### Notes to Consolidated Financial Statement

---

#### Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Land	\$ 3,577,887	\$ 3,577,887
Building and Building Improvements	37,511,067	37,511,067
Furniture and Equipment	3,057,563	3,113,579
Artwork	633,489	633,489
	<u>44,780,006</u>	<u>44,836,022</u>
Less: Accumulated Depreciation	<u>(10,815,985)</u>	<u>(9,100,800)</u>
<b>Total Property and Equipment, Net</b>	<b><u>\$ 33,964,021</u></b>	<b><u>\$ 35,735,222</u></b>

Depreciation expense amounted to \$1,771,201 and \$1,794,060 for the fiscal years ended June 30, 2024 and 2023, respectively.

#### Note 6. Investment Return, Net

Investment return, net consisted of the following for the fiscal years ended June 30:

	2024	2023
Interest and Dividends	\$ 367,053	\$ 143,910
Realized and Unrealized Gain on Investments	1,019,625	982,433
Custodial and Management Fees	<u>(24,177)</u>	<u>(26,087)</u>
<b>Total Investment Return, Net</b>	<b><u>\$ 1,362,501</u></b>	<b><u>\$ 1,100,256</u></b>

#### Note 7. Lines of Credit

##### Operating Line of Credit

The Museum has an unsecured revolving line of credit agreement with a bank. The agreement was re-negotiated in July 2022 to extend the credit line of \$1,000,000 through July 2024. The line was again re-negotiated in July 2024 to extend the credit line through December 2025 and increase the amount to \$2,000,000. The line of credit bears interest at the 30-day Secured Overnight Financing Rate (SOFR) plus 2%. Interest rates applied to the credit line were 7.33% and 7.17% at June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, there was \$430,000 and \$305,336, respectively outstanding to be repaid on the line of credit.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 7. Lines of Credit (Continued)

#### Capital Campaign Line of Credit

The Museum entered into a \$15,000,000 revolving line of credit agreement with a bank to finance the construction and campaign operations of the capital campaign (see Note 12). As of October 4, 2020, advances were no longer available. In February 2023, terms of the note were amended to adjust the interest rate to bear interest at the Term SOFR-1 month rate plus 1.50% (6.83% at June 30, 2024). The line is secured by capital campaign pledges receivable and cash amounting to \$112,581 and \$1,698,460 at June 30, 2024 and 2023, respectively. Effective April 1, 2021, the Museum entered into an interest rate swap agreement with the bank to cap interest at 2% of the following notional amounts: \$3,500,000 at the effective date, decreasing to \$1,500,000 in March 2023, \$500,000 in March 2024 and expiring in February 2025. Monthly interest payments are due through April 2028.

At June 30, 2024 and 2023, the outstanding balance on the line of credit was \$3,500,000 and \$4,845,000, respectively. Future payments on the line of credit are as follows:

<b>Years Ended</b>	<b>Amount</b>
<b>June 30,</b>	
2025	\$ 1,000,000
2026	1,000,000
2027	1,000,000
2028	<u>500,000</u>
<b>Total</b>	<u><u>\$ 3,500,000</u></u>

### Note 8. Employee Retention Credit

Prior to the 2021 fiscal year end, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act provided for an employee retention tax credit (ERC), which is a refundable credit against certain employee qualified wages.

The Museum has elected to account for the ERC under ASC Topic 958, *Not-for-Profit Entities*, which allows for treatment of the tax credit as contribution revenue. Under the guidance, the Organization has recognized the credit as employee retention credit revenue in the consolidated statements of activities and changes in net assets as of and for the years ended June 30, 2024 and 2023, totaling \$-0- and \$299,855, respectively. Employee retention credit receivable was \$299,855 at June 30, 2024 and 2023, and is included in the consolidated statements of financial position.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 9. Net Assets Without Donor Restrictions

Net assets without donor restrictions were as follows for the fiscal years ended June 30:

	2024	2023
Undesignated	\$ 30,463,427	\$ 32,240,065
Board-Designated for Endowment	3,975,715	4,073,438
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$ 34,439,142</b>	<b>\$ 36,313,503</b>

### Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Docent Program	\$ 182,508	\$ 169,153
Educational Programs	6,607,043	6,113,822
Exhibits	742,363	1,421,388
Lecture Series	473,164	533,948
Visitor and Volunteer Services	668,348	704,282
Yorn Ha'shoah Program	203,938	189,966
Other	502,789	377,664
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 9,380,153</b>	<b>\$ 9,510,223</b>

Net assets with donor restrictions includes \$6,861,411 and \$6,748,552 of donor restricted endowment funds, restricted in perpetuity at June 30, 2024 and June 30, 2023, respectively.

Net assets released from donor restrictions were as follows for fiscal years ended June 30:

	2024	2023
Exhibits	\$ 872,782	\$ 113,194
Educational Programs	687,785	856,433
Visitor and Volunteer Services	137,111	164,516
Other	136,028	179,954
Lecture Series	100,285	13,150
<b>Total Net Assets Released From Donor Restrictions</b>	<b>\$ 1,933,991</b>	<b>\$ 1,327,247</b>

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 11. Endowment Funds

The Foundation has donor-restricted endowment funds that are maintained in accordance with explicit donor stipulations. The Board of Directors of the Foundation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the endowment as net assets with donor restrictions.

The remaining portion of the donor-restricted endowment fund including earnings that have not been explicitly designated as unrestricted by the donor that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds;
- the purposes of the Foundation and the donor-restricted endowment funds;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Museum; and
- the investment policies and objectives of the Foundation.

From time-to-time, the fair value of assets associated with the endowment fund may fall below the level that the donor or TUPMIFA requires the Foundation to retain as a fund of perpetual duration as a result of temporary unfavorable market fluctuations. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no deficiencies at June 30, 2024 and 2023.



# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

### Note 11. Endowment Funds (Continued)

The following table reports the composition of the Foundation's endowment by net asset class and a reconciliation of the beginning and ending balance of the Foundation's endowment funds:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets, June 30, 2022</b>	\$ 4,307,749	\$ 6,750,255	\$ 11,058,004
Investment Return, Net	376,750	723,506	1,100,256
Contributions	5,000	1,122,947	1,127,947
Operating Expenses	(338,280)	-	(338,280)
Releases of Board-Designated Funds	(277,781)	-	(277,781)
Appropriations for Expenditure	-	(297,219)	(297,219)
<b>Endowment Net Assets, June 30, 2023</b>	4,073,438	8,299,489	12,372,927
Investment Return, Net	444,985	915,609	1,360,594
Contributions	-	123,167	123,167
Operating Expenses	(321,143)	-	(321,143)
Releases of Board-Designated Funds	(221,563)	-	(221,563)
Appropriations for Expenditure	-	(353,437)	(353,437)
<b>Endowment Net Assets, June 30, 2024</b>	\$ 3,975,717	\$ 8,984,828	\$ 12,960,545

Endowment net assets composition as of June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>June 30, 2024</b>			
Board-Designated Endowment Funds	\$ 3,975,717	\$ -	\$ 3,975,717
Donor-Restricted Endowment Funds	-	8,984,828	8,984,828
Total Endowment Net Assets	\$ 3,975,717	\$ 8,984,828	\$ 12,960,545
<b>June 30, 2023</b>			
Board-Designated Endowment Funds	\$ 4,073,438	\$ -	\$ 4,073,438
Donor-Restricted Endowment Funds	-	8,299,489	8,299,489
Total Endowment Net Assets	\$ 4,073,438	\$ 8,299,489	\$ 12,372,927

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### Note 11. Endowment Funds (Continued)

#### **Endowment Spending Policy**

The Foundation recognizes that the rationale for investing funds for future use assumes that the purchasing power of those funds will not be diminished over time. Therefore, the level of appropriation will be adjusted from time-to-time such that the endowment fund purchasing power will not be eroded by appropriation. Currently, this policy is to appropriate between -0-% and 5% of the fair market value of the funds annually. Additionally, restricted funds (those donated with express donor intention) will not be appropriated for use by the Foundation. If a restricted fund has not generated income or appreciation sufficiently to accommodate otherwise allowed appropriates, the Foundation will attempt to fund such appropriation from unrestricted funds.

#### **Endowment Return Objectives and Risk Parameters**

The investment objective of the Foundation for all funds is to ensure that future growth is sufficient to offset normal inflation plus support spending requirements of the Museum up to 5% of the fair value of the funds annually.

The Foundation believes that overall, the portfolio can endure average market risk over the long-term to achieve a level of income necessary to support the Museum.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the assets are managed as a balanced portfolio having two major asset components: an equity portion comprised of common stocks and a fixed income portion comprised of bonds and preferred stocks. Equity holdings in any one company should not exceed more than 5% of the market value of the Foundation's total portfolio. Not more than 25% of the market value of the equity portfolio should be invested in any one economic sector.

### Note 12. Capital Campaign

In October 2014, the Organization commenced a capital campaign to fund the expansion and improvement of the Museum building and associated endowment. The Organization raised approximately \$45,983,000 in contributions for the capital campaign. The capital campaign formally concluded in April 2019. Contributions to the capital campaign were recorded as net assets with donor restrictions until the funds were expended. As of June 30, 2024, approximately \$45,083,000 of contributions related to the capital campaign were released from donor restrictions.

At June 30, 2024 and 2023, the Organization had pledges receivable-capital campaign, net, of \$82,420 and \$1,526,740, respectively (see Note 3).

At June 30, 2024 and 2023, the Organization has approximately \$7,456,000 and \$7,471,000, respectively, of revocable planned gifts outstanding in relation to the capital campaign, which are not recorded in these consolidated financial statements.

## HOLOCAUST MUSEUM HOUSTON

### Notes to Consolidated Financial Statement

---

#### Note 13. In-Kind Contributions

The Organization's in-kind contributions consisted of the following as of June 30:

	2024	2023	Usage
Travel	\$ 39,025	\$ 8,100	Education
Advertising	30,065	54,120	Fundraising
Food	8,342	948	Management & General
Gifts	1,665	6,493	Management & General
Supplies	451	-	Management & General
Vehicle	-	46,990	Management & General
<b>Total In-Kind Donations</b>	<b>\$ 79,548</b>	<b>\$ 116,651</b>	

Advertising in-kind contributions were valued using prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution. Airline tickets are provided through use of donated United Airlines Jetstream dollars valued by the Jetstream dollars used per ticket. No in-kind contributions were restricted. The Organization does not sell donated in-kind contributions and only uses services and goods for its own program or supporting service use.

#### Note 14. Retirement Plans

The Organization has a 401(k) plan (the 401(k) Plan) covering all employees working at least 1,000 hours during the fiscal year. An employee is eligible to participate in the 401(k) Plan within 90 days of employment and is fully vested immediately. The 401(k) Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Under the plan, participating employees may elect to defer up to 90% of their compensation and may elect to invest in any combination of the investment choices offered. The Organization matched 100% of employee contributions up to 3% of employee compensation and then 50% of employee contributions up to 6% of employee compensation.

The Organization made contributions to the plans of \$81,203 and \$101,294 during the fiscal years ended June 30, 2024 and 2023, respectively, which is included in salaries and benefits on the consolidated statements of functional expenses.

# HOLOCAUST MUSEUM HOUSTON

## Notes to Consolidated Financial Statement

---

### **Note 15. Inter-Entity Transactions**

From time-to-time, the Museum may transfer excess operating funds, at its discretion, to the Foundation to manage as part of the board-designated operating endowment. These amounts, along with other funds received by the Foundation, are invested to support various aspects of the Museum's operations.

The Foundation also makes periodic grants to the Museum to support Museum operations. The Foundation's contributions to the Museum totaled \$575,000 during the fiscal years ended June 30, 2024 and 2023, respectively. These transactions were eliminated within consolidation.

### **Note 16. Related-Party Transactions**

During the fiscal year ended June 30, 2024, certain members of the Board of Trustees contributed \$452,094 and paid \$20,905 of membership dues to the Organization. During the fiscal year ended June 30, 2023, certain members of the Board of Trustees contributed \$1,405,875 and paid \$23,850 of membership dues to the Organization. Board contributions and membership dues are included in net assets without donor restrictions on the consolidated statements of activities and changes in net assets.

At June 30, 2024 and 2023, certain members from the Board of Trustees pledged gifts in the amount of \$312,221 and \$415,417, respectively. At June 30, 2024 and 2023, the full amount was included in pledges receivable - other, net.

### **Note 17. Subsequent Events**

Management has evaluated subsequent events through December 5, 2024, the date which the consolidated financial statements were available to be issued. Other than the renewal of the line of credit disclosed in Note 7, management has determined there are no other subsequent events that require disclosure in these consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Financial Position**  
**June 30, 2024**

Schedule I

	Museum	Foundation	Eliminations	Consolidated Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 154,735	\$ 157,296	\$ -	\$ 312,031
Pledges Receivable				
Capital Campaign, Net	25,000	75,000	-	100,000
Other, Net	597,876	80,133	-	678,009
Employee Retention Credit Receivable	299,855	-	-	299,855
Inventory	32,959	-	-	32,959
Prepaid Expenses and Other Assets	218,482	1,344	-	219,826
Due from Affiliate	3,759	314	(4,073)	-
<b>Total Current Assets</b>	1,332,666	314,087	(4,073)	1,642,680
Pledges Receivable, Net of Current Portion				
Other, Net	-	196,020	-	196,020
Investments	-	12,445,870	-	12,445,870
Property and Equipment, Net	33,955,694	8,327	-	33,964,021
<b>Total Assets</b>	<b>\$ 35,288,360</b>	<b>\$ 12,964,304</b>	<b>\$ (4,073)</b>	<b>\$ 48,248,591</b>

See independent accountant's report

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Financial Position (Continued)**  
**June 30, 2024**

**Schedule I**

	Museum	Foundation	Eliminations	Consolidated Total
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 248,030	\$ -	\$ -	\$ 248,030
Due to Affiliate	314	3,759	(4,073)	-
Lines of Credit	1,430,000	-	-	1,430,000
Deferred Revenue	251,266	-	-	251,266
<b>Total Current Liabilities</b>	<b>1,929,610</b>	<b>3,759</b>	<b>(4,073)</b>	<b>1,929,296</b>
Lines of Credit, Net of Current Portion	2,500,000	-	-	2,500,000
<b>Total Liabilities</b>	<b>4,429,610</b>	<b>3,759</b>	<b>(4,073)</b>	<b>4,429,296</b>
<b>Net Assets</b>				
Without Donor Restrictions	30,463,427	3,975,717	-	34,439,144
With Donor Restrictions	395,323	8,984,828	-	9,380,151
<b>Net Assets</b>	<b>30,858,750</b>	<b>12,960,545</b>	<b>-</b>	<b>43,819,295</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 35,288,360</b>	<b>\$ 12,964,304</b>	<b>\$ (4,073)</b>	<b>\$ 48,248,591</b>

See independent accountant's report

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Financial Position**  
**June 30, 2023**

Schedule I

	Museum	Foundation	Eliminations	Consolidated Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 213,124	\$ 31,364	\$ -	\$ 244,488
Pledges Receivable				
Capital Campaign, Net	1,408,500	145,570	-	1,554,070
Other, Net	1,101,545	93,194	-	1,194,739
Employee Retention Credit Receivable	299,855	-	-	299,855
Inventory	71,071	-	-	71,071
Prepaid Expenses and Other Assets	319,309	-	-	319,309
Due from Affiliate	53,304	-	(53,304)	-
<b>Total Current Assets</b>	<b>3,466,708</b>	<b>270,128</b>	<b>(53,304)</b>	<b>3,683,532</b>
Pledges Receivable, Net of Current Portion	-	400,009	-	400,009
Investments	-	11,739,441	-	11,739,441
Property and Equipment, Net	35,718,569	16,653	-	35,735,222
<b>Total Assets</b>	<b>\$ 39,185,277</b>	<b>\$ 12,426,231</b>	<b>\$ (53,304)</b>	<b>\$ 51,558,204</b>

See independent accountant's report



**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Financial Position (Continued)**  
**June 30, 2023**

**Schedule I**

	Museum	Foundation	Eliminations	Consolidated Total
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 339,980	\$ -	\$ -	\$ 339,980
Lines of Credit	1,805,336	-	-	1,805,336
Due to Affiliate	-	53,304	(53,304)	-
Deferred Revenue	244,162	-	-	244,162
<b>Total Current Liabilities</b>	<b>2,389,478</b>	<b>53,304</b>	<b>(53,304)</b>	<b>2,389,478</b>
Lines of Credit, Net of Current Portion	3,345,000	-	-	3,345,000
<b>Total Liabilities</b>	<b>5,734,478</b>	<b>53,304</b>	<b>(53,304)</b>	<b>5,734,478</b>
<b>Net Assets</b>				
Without Donor Restrictions	32,240,065	4,073,438	-	36,313,503
With Donor Restrictions	1,210,734	8,299,489	-	9,510,223
<b>Net Assets</b>	<b>33,450,799</b>	<b>12,372,927</b>	<b>-</b>	<b>45,823,726</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,185,277</b>	<b>\$ 12,426,231</b>	<b>\$ (53,304)</b>	<b>\$ 51,558,204</b>

See independent accountant's report

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

**Schedule II**

	Museum		Foundation		Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions - Board-Designated	With Donor Restrictions		
<b>Support and Revenues</b>						
Contributions	\$ 2,102,620	\$ 765,143	\$ -	\$ 123,167	\$ (604,280)	\$ 2,386,650
In-Kind Contributions	79,548	-	-	-	-	79,548
Special Events, Net	1,497,094	-	-	-	-	1,497,094
Membership Fees	497,162	-	-	-	-	497,162
Admissions, Tours, and Programs	439,726	-	-	-	-	439,726
Merchandise Sales	153,204	-	-	-	-	153,204
Rental and Other Income	167,687	-	-	-	-	167,687
Investment Return, Net	1,907	-	444,985	915,609	-	1,362,501
	4,938,948	765,143	444,985	1,038,776	(604,280)	6,583,572
Net Assets Released From Donor Restrictions	1,580,554	(1,580,554)	353,437	(353,437)	-	-
<b>Total Support and Revenues</b>	<b>6,519,502</b>	<b>(815,411)</b>	<b>798,422</b>	<b>685,339</b>	<b>(604,280)</b>	<b>6,583,572</b>
<b>Expenses</b>						
<b>Program Services</b>	5,583,265	-	575,000	-	(575,000)	5,583,265
<b>Supporting Services</b>						
Management and General	1,334,081	-	321,143	-	(29,280)	1,625,944
Fundraising	1,378,794	-	-	-	-	1,378,794
<b>Total Expenses</b>	<b>8,296,140</b>	<b>-</b>	<b>896,143</b>	<b>-</b>	<b>(604,280)</b>	<b>8,588,003</b>
<b>Change in Net Assets</b>	<b>(1,776,638)</b>	<b>(815,411)</b>	<b>(97,721)</b>	<b>685,339</b>	<b>-</b>	<b>(2,004,431)</b>
<b>Net Assets, Beginning of Fiscal Year</b>	<b>32,240,065</b>	<b>1,210,734</b>	<b>4,073,438</b>	<b>8,299,489</b>	<b>-</b>	<b>45,823,726</b>
<b>Net Assets, End of Fiscal Year</b>	<b>\$ 30,463,427</b>	<b>\$ 395,323</b>	<b>\$ 3,975,717</b>	<b>\$ 8,984,828</b>	<b>\$ -</b>	<b>\$ 43,819,295</b>

See independent accountant's report

**HOLOCAUST MUSEUM HOUSTON**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

**Schedule II**

	Museum		Foundation		Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions - Board-Designated	With Donor Restrictions		
<b>Support and Revenues</b>						
Contributions	\$ 1,676,684	\$ 1,877,137	\$ 5,000	\$ 1,122,947	\$ (603,440)	\$ 4,078,328
In-Kind Contributions	116,651	-	-	-	-	116,651
Special Events, Net	1,653,094	-	-	-	-	1,653,094
Membership Fees	294,399	-	-	-	-	294,399
Admissions, Tours, and Programs	454,879	-	-	-	-	454,879
Merchandise Sales	101,262	-	-	-	-	101,262
Rental and Other Income	202,810	-	-	-	-	202,810
Employee Retention Credit	299,855	-	-	-	-	299,855
Investment Return, Net	-	-	376,750	723,506	-	1,100,256
	4,799,634	1,877,137	381,750	1,846,453	(603,440)	8,301,534
Net Assets Released From Donor Restrictions	1,030,028	(1,030,028)	297,219	(297,219)	-	-
<b>Total Support and Revenues</b>	<b>5,829,662</b>	<b>847,109</b>	<b>678,969</b>	<b>1,549,234</b>	<b>(603,440)</b>	<b>8,301,534</b>
<b>Expenses</b>						
<b>Program Services</b>	5,830,623	-	575,000	-	(575,000)	5,830,623
<b>Supporting Services</b>						
Management and General	1,465,060	-	338,280	-	(28,440)	1,774,900
Fundraising	1,530,427	-	-	-	-	1,530,427
<b>Total Expenses</b>	<b>8,826,110</b>	<b>-</b>	<b>913,280</b>	<b>-</b>	<b>(603,440)</b>	<b>9,135,950</b>
<b>Change in Net Assets</b>	<b>(2,996,448)</b>	<b>847,109</b>	<b>(234,311)</b>	<b>1,549,234</b>	<b>-</b>	<b>(834,416)</b>
<b>Net Assets, Beginning of Fiscal Year</b>	<b>35,236,513</b>	<b>363,625</b>	<b>4,307,749</b>	<b>6,750,255</b>	<b>-</b>	<b>46,658,142</b>
<b>Net Assets, End of Fiscal Year</b>	<b>\$ 32,240,065</b>	<b>\$ 1,210,734</b>	<b>\$ 4,073,438</b>	<b>\$ 8,299,489</b>	<b>\$ -</b>	<b>\$ 45,823,726</b>

See independent accountant's report