# Holocaust Memorial Foundation of Illinois, Inc.

(a not-for-profit corporation)

**Financial Report**

**December 31, 2022**

# Contents

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# Independent Auditor's Report

To the Board of Directors
Holocaust Memorial Foundation of Illinois, Inc.

## Report on the Audits of the Financial Statements

### *Opinion*

We have audited the financial statements of Holocaust Memorial Foundation of Illinois, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021 and the changes in its net assets, functional expenses, and 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### *Auditor’s Responsibilities for the Audits 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 audits conducted in accordance with GAAS and *Government 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.

To the Board of Directors
Holocaust Memorial Foundation of Illinois, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Foundation'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 Foundation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2023 on our consideration of Holocaust Memorial Foundation of Illinois, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holocaust Memorial Foundation of Illinois, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holocaust Memorial Foundation of Illinois, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

August 28, 2023

# Statement of Financial Position

**December 31, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 6,379,094 | $ 6,785,037 |
| Investments | 29,783,184 | 32,032,241 |
| Receivables: | | |
| Pledges receivable - Net of allowance for doubtful accounts | 5,484,613 | 5,028,197 |
| Interest receivable | 113,173 | 119,970 |
| Accounts receivable | 68,726 | 2,077 |
| Inventory | 61,186 | 55,665 |
| Note receivable | 527,842 | 533,691 |
| Prepaid expenses | 217,101 | 562,001 |
| Right-of-use asset | 1,141,420 | 1,131,468 |
| Property and equipment - Net | 35,762,492 | 35,976,952 |
| Total assets | **$ 79,538,831** | **$ 82,227,299** |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable | $ 72,149 | $ 108,963 |
| Deferred revenue | 1,562,589 | 1,816,827 |
| Other accrued expenses | 213,342 | 224,885 |
| Interest rate swap marked to market | - | 23,558 |
| Operating lease liability | 530,278 | 536,165 |
| Deferred compensation | 818,400 | 1,017,585 |
| Bonds payable - Net | - | 8,381,974 |
| Total liabilities | 3,196,758 | 12,109,957 |
| **Net Assets** | | |
| Without donor restrictions | 68,454,406 | 62,745,190 |
| With donor restrictions | 7,887,667 | 7,372,152 |
| Total net assets | 76,342,073 | 70,117,342 |
| Total liabilities and net assets | **$ 79,538,831** | **$ 82,227,299** |

# Statement of Activities and Changes in Net Assets

## Years Ended December 31, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Revenue, (Loss) Gains, and Other Support** | | | | | | |
| Contributions | $ 2,193,125 | $ 663,642 | $ 2,856,767 | $ 1,641,494 | $ 689,408 | $ 2,330,902 |
| Grants | 2,902,166 | 3,718,285 | 6,620,451 | 588,373 | 2,396,221 | 2,984,594 |
| Bequests | 4,325,405 | - | 4,325,405 | 66,133 | - | 66,133 |
| Contributed nonfinancial assets | 71,318 | - | 71,318 | 102,696 | - | 102,696 |
| Special event income | 4,595,718 | 97,005 | 4,692,723 | 3,155,155 | 124,850 | 3,280,005 |
| Membership dues | 269,790 | - | 269,790 | 237,851 | - | 237,851 |
| Admissions income | 598,401 | - | 598,401 | 358,376 | - | 358,376 |
| Gift shop income | 137,051 | - | 137,051 | 113,514 | - | 113,514 |
| Speaker income | 11,675 | - | 11,675 | 8,398 | - | 8,398 |
| Paycheck Protection Program grant | - | - | - | 522,207 | - | 522,207 |
| Other | 161,935 | - | 161,935 | 80,207 | - | 80,207 |
| Interest and dividend income - Net of investment expenses | 756,792 | 16,382 | 773,174 | 840,319 | 26,263 | 866,582 |
| Realized and unrealized (loss) gain on investments | (3,588,763) | - | (3,588,763) | 1,465,278 | (11,064) | 1,454,214 |
| Realized and unrealized gain on interest rate swap | 23,558 | - | 23,558 | 285,002 | - | 285,002 |
| Net assets released from restrictions | 3,979,799 | (3,979,799) | - | 4,361,978 | (4,361,978) | - |
| Total revenue, gains (loss), and other support | 16,437,970 | 515,515 | 16,953,485 | 13,826,981 | (1,136,300) | 12,690,681 |
| **Expenses** | | | | | | |
| Program expenses: | | | | | | |
| Program services | 2,076,058 | - | 2,076,058 | 1,789,115 | - | 1,789,115 |
| Program operations | 3,837,483 | - | 3,837,483 | 3,771,145 | - | 3,771,145 |
| Support services: | | | | | | |
| General and administrative | 753,252 | - | 753,252 | 586,664 | - | 586,664 |
| Special events | 1,485,376 | - | 1,485,376 | 587,224 | - | 587,224 |
| Development | 940,305 | - | 940,305 | 982,070 | - | 982,070 |
| Supporting operations | 1,636,280 | - | 1,636,280 | 1,436,541 | - | 1,436,541 |
| Total expenses | 10,728,754 | - | 10,728,754 | 9,152,759 | - | 9,152,759 |
| **Increase (Decrease) in Net Assets** | 5,709,216 | 515,515 | 6,224,731 | 4,674,222 | (1,136,300) | 3,537,922 |
| **Net Assets** - Beginning of year | 62,745,190 | 7,372,152 | 70,117,342 | 58,070,968 | 8,508,452 | 66,579,420 |
| **Net Assets** - End of year | **$ 68,454,406** | **$ 7,887,667** | **$ 76,342,073** | **$ 62,745,190** | **$ 7,372,152** | **$ 70,117,342** |

See notes to financial statements.

# Statement of Functional Expenses

**Year Ended December 31, 2022**

| | Program Expenses | | | Support Services | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Program Services | Program Operations | Total | General and Administrative | Special Events | Development | Supporting Operations | Total | Total |
| Salaries, benefits, and payroll taxes | $ 1,234,103 | $ 684,333 | $ 1,918,436 | $ 391,079 | $ - | $ 800,631 | $ 208,316 | $ 1,400,026 | $ 3,318,462 |
| Advertising and public relations | 17,307 | 457 | 17,764 | - | - | 649 | 488,076 | 488,725 | 506,489 |
| Bad debt expense | - | - | - | - | - | 6,675 | - | 6,675 | 6,675 |
| Bank and credit card charges | 13,305 | 12,057 | 25,362 | 3,688 | 25,863 | 39,697 | 10,690 | 79,938 | 105,300 |
| Conferences and meetings | 19,512 | 225 | 19,737 | 9,244 | - | 4,093 | 3,848 | 17,185 | 36,922 |
| Consultants and temporary help | 32,359 | 114,819 | 147,178 | 46,462 | - | - | 34,059 | 80,521 | 227,699 |
| Contributions | 5,361 | - | 5,361 | 2,279 | - | - | - | 2,279 | 7,640 |
| Cost of goods sold | - | 66,052 | 66,052 | - | - | - | - | - | 66,052 |
| Depreciation | - | 1,811,533 | 1,811,533 | - | - | - | 545,716 | 545,716 | 2,357,249 |
| Fundraising expenses | - | - | - | - | 1,398,352 | 52,223 | - | 1,450,575 | 1,450,575 |
| Education programs | 366,330 | - | 366,330 | 9,776 | - | 6,193 | - | 15,969 | 382,299 |
| Exhibition costs and maintenance | 338,361 | - | 338,361 | - | - | - | - | - | 338,361 |
| Information technology | - | 154,731 | 154,731 | - | - | - | 48,398 | 48,398 | 203,129 |
| In-kind expenses | - | 506 | 506 | - | 61,161 | - | 150 | 61,311 | 61,817 |
| Insurance | - | 64,770 | 64,770 | 18,770 | - | - | 19,213 | 37,983 | 102,753 |
| Interest and bond amortization | - | 55,797 | 55,797 | 172,026 | - | - | 17,346 | 189,372 | 245,169 |
| Office expenses | 40,923 | 75,871 | 116,794 | 2,342 | - | 30,144 | 33,348 | 65,834 | 182,628 |
| Opportunity grants | 8,497 | - | 8,497 | - | - | - | - | - | 8,497 |
| Professional fees | - | - | - | 97,586 | - | - | - | 97,586 | 97,586 |
| Building operations | - | 462,210 | 462,210 | - | - | - | 128,009 | 128,009 | 590,219 |
| Security | - | 334,122 | 334,122 | - | - | - | 99,111 | 99,111 | 433,233 |
| Total functional expenses | **$ 2,076,058** | **$ 3,837,483** | **$ 5,913,541** | **$ 753,252** | **$ 1,485,376** | **$ 940,305** | **$ 1,636,280** | **$ 4,815,213** | **$ 10,728,754** |

See notes to financial statements.

# Statement of Functional Expenses

**Year Ended December 31, 2021**

| | Program Expenses | | | Support Services | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Program Services | Program Operations | Total | General and administrative | Special Events | Development | Supporting Operations | Total | Total |
| Salaries, benefits, and payroll taxes | $ 1,185,135 | $ 745,002 | $ 1,930,137 | $ 407,772 | $ - | $ 783,199 | $ 212,613 | $ 1,403,584 | $ 3,333,721 |
| Advertising and public relations | 3,172 | - | 3,172 | - | - | - | 321,222 | 321,222 | 324,394 |
| Bad debt expense | - | - | - | - | - | 39,097 | - | 39,097 | 39,097 |
| Bank and credit card charges | 12,999 | 18,754 | 31,753 | 4,767 | 34,362 | 27,497 | 6,189 | 72,815 | 104,568 |
| Conferences and meetings | 13,084 | - | 13,084 | 4,143 | - | 1,898 | 3,329 | 9,370 | 22,454 |
| Consultants and temporary help | - | 30,661 | 30,661 | 42,000 | - | 1,500 | 9,095 | 52,595 | 83,256 |
| Contributions | - | - | - | 3,510 | - | - | - | 3,510 | 3,510 |
| Cost of goods sold | - | 59,289 | 59,289 | - | - | - | - | - | 59,289 |
| Depreciation | - | 1,637,273 | 1,637,273 | - | - | - | 493,265 | 493,265 | 2,130,538 |
| Fundraising expenses | - | - | - | - | 500,843 | 63,521 | - | 564,364 | 564,364 |
| Education programs | 101,356 | - | 101,356 | - | - | - | - | - | 101,356 |
| Exhibition costs and maintenance | 422,638 | - | 422,638 | - | - | - | - | - | 422,638 |
| Information technology | - | 127,017 | 127,017 | - | - | - | 37,677 | 37,677 | 164,694 |
| In-kind expenses | 20,000 | 1,997 | 21,997 | 28,088 | 52,019 | - | 592 | 80,699 | 102,696 |
| Insurance | - | 53,662 | 53,662 | 21,389 | - | - | 16,466 | 37,855 | 91,517 |
| Interest and bond amortization | - | 308,735 | 308,735 | 8,401 | - | - | 95,980 | 104,381 | 413,116 |
| Office expenses | 30,215 | 18,000 | 48,215 | 5,349 | - | 65,358 | 16,475 | 87,182 | 135,397 |
| Opportunity grants | 516 | - | 516 | - | - | - | - | - | 516 |
| Professional fees | - | - | - | 61,245 | - | - | - | 61,245 | 61,245 |
| Building operations | - | 526,287 | 526,287 | - | - | - | 151,121 | 151,121 | 677,408 |
| Security | - | 244,468 | 244,468 | - | - | - | 72,517 | 72,517 | 316,985 |
| Total functional expenses | **$ 1,789,115** | **$ 3,771,145** | **$ 5,560,260** | **$ 586,664** | **$ 587,224** | **$ 982,070** | **$ 1,436,541** | **$ 3,592,499** | **$ 9,152,759** |

See notes to financial statements.

# Statement of Cash Flows

**Years Ended December 31, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Increase in net assets | $ 6,224,731 | $ 3,537,922 |
| Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities: | | |
| Depreciation | 2,357,249 | 2,130,538 |
| Bad debt | 6,675 | 39,097 |
| Realized and unrealized loss (gain) on investments | 3,787,948 | (1,454,214) |
| Amortization of bond issuance costs | 168,026 | 8,401 |
| Increase in right-of-use asset | (9,952) | (10,293) |
| Unrealized gain on interest rate swap | - | (285,002) |
| Realized gain on interest rate swap | (23,558) | - |
| Contributions restricted for long-term purposes | (10,000) | (10,350) |
| Changes in operating assets and liabilities that (used) provided cash and cash equivalents: | | |
| Pledges receivable | (463,091) | 1,261,872 |
| Interest receivable | 6,797 | 1,452 |
| Accounts receivable | (66,649) | 3,392 |
| Inventory | (5,521) | 6,961 |
| Prepaid expenses | 344,900 | (166,444) |
| Accounts payable | (36,814) | 38,352 |
| Deferred revenue | (254,238) | 697,365 |
| Other accrued expenses | (11,543) | 39,399 |
| Deferred compensation | (199,185) | 20,611 |
| Operating lease liability | (5,887) | (5,544) |
| Net cash and cash equivalents provided by operating activities | 11,809,888 | 5,853,515 |
| **Cash Flows from Investing Activities** | | |
| Purchases of investments | (19,597,336) | (17,461,192) |
| Proceeds from sales of investments | 18,058,445 | 17,825,869 |
| Payments on notes receivable | 5,849 | 5,507 |
| Capital expenditures | (2,142,789) | (734,648) |
| Net cash and cash equivalents used in investing activities | (3,675,831) | (364,464) |
| **Cash Flows from Financing Activities** | | |
| Payments on bond payable | (8,550,000) | (1,590,000) |
| Contributions restricted for long-term purposes | 10,000 | 10,350 |
| Net cash and cash equivalents used in financing activities | (8,540,000) | (1,579,650) |
| **Net (Decrease) Increase in Cash and Cash Equivalents** | (405,943) | 3,909,401 |
| **Cash and Cash Equivalents** - Beginning of year | 6,785,037 | 2,875,636 |
| **Cash and Cash Equivalents** - End of year | **$ 6,379,094** | **$ 6,785,037** |

See notes to financial statements.

## Note 1 - Nature of Organization

Holocaust Memorial Foundation of Illinois, Inc. (a not-for-profit corporation) (the "Foundation") was formed in September 1981 to present vehicles of education, remembrance, recording, and collecting memorabilia and documentation of the period of time referred to as the Holocaust and the Pre-War European Jewish Culture. The Foundation operates a 65,000 square-foot museum in Skokie, Illinois known as Illinois Holocaust Museum and Education Center.

## Note 2 - Significant Accounting Policies

***Basis of Presentation***

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

***Classification of Net Assets***

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

***Revenue Recognition***

The following revenue streams are included in the revenue standard ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*:

- Gift shop income
- Admissions income
- Membership dues
- Other

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. The Foundation's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Foundation recognizes the revenue over a period of time if the customer receives and consumes the benefits that the Foundation provided or if the Foundation's performance does not create an asset with alternative use and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

## Note 2 - Significant Accounting Policies (Continued)

The transaction price is calculated as the amount of consideration to which the Foundation expects to be entitled (such as sale price, admission price, and price of membership). Payment is typically expected at the point of sale. In some situations, the Foundation bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Foundation recognizing contract liabilities upon receipt of payment. Total contract liabilities as of December 31, 2022 and 2021 were $372,114 and $437,540, respectively, and are included in deferred revenue on the statement of financial position. Total contract liabilities as of January 1, 2021 were $404,712. Revenue recognized in 2022 and 2021 that was included in the contract liability balance at the beginning of the year was $195,181 and $182,141, respectively.

***Performance Obligations***

The following explains the performance obligations related to each revenue stream under the new standard and how they are recognized.

***Gift Shop Income***

The Foundation generates revenue from implied agreements for a specific exchange of merchandise priced at a market value and recognized at time of performance.

***Admissions***

The Foundation charges for entrance to the museum priced at a level determined by the Foundation to be reasonable and recognized at date of admission.

***Membership Dues***

The Foundation earns dues from its members for memberships. Membership dues are earned over the course of one or two years, representing the period over which the Foundation satisfies the performance obligation.

***Other***

The Foundation receives other income, including room rental fees, which is recognized at time of performance.

***Board-designated Net Assets***

Board-designated net assets are net assets without donor restrictions designated by the board primarily for future special and educational projects. These designations are based on board actions, which can be altered or revoked at a future time by the board.

***Pledges Receivable***

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

## Note 2 - Significant Accounting Policies (Continued)

***Contributions and Support***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled for an individual gift in its entirety in the same period in which the contribution is received, the Foundation reports the support as without donor restrictions. Expenses are recorded as decreases in net assets without donor restrictions.

Revenue from conditional contributions is recognized in the period when qualified expenditures have been incurred in compliance with the grantor's conditions. Cash received before conditions are met is recorded as deferred revenue. As of December 31, 2022, the Foundation is eligible to recognize conditional contributions of $1,000,000 upon the opening of a specific exhibit. As of December 31, 2021, the Foundation is eligible to recognize conditional contributions of $1,069,086 upon the opening of specific exhibits and $750,000 upon the occurrence of future qualifying expenses related to a construction project.

***Cash and Cash Equivalents***

The Foundation maintains interest-bearing checking and money market accounts at various financial institutions, which it classifies as cash and cash equivalents for the purpose of the statement of cash flows. The Foundation considers all highly liquid debt instruments or certificates of deposit with an original maturity of three months or less and money market accounts to be cash equivalents. The cash and cash equivalents may at times exceed the federally insured limits.

The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

***Investments***

All investments are carried at fair value. Changes in fair value are reported in the statement of activities and changes in net assets. It is the Foundation’s policy to immediately liquidate donations of stock.

The Foundation’s investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

***Inventory***

Gift shop inventory is stated at the lower of cost or net realizable value, with cost determined by the average cost method.

***Property and Equipment***

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method. Purchases of property and equipment over $1,000 with a useful life of greater than one year are capitalized.

***Income Taxes***

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

## Note 2 - Significant Accounting Policies (Continued)

***Management Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Collection***

The value of the Foundation's collection is not included in the financial statements. The cost of objects purchased is reported as other changes in net assets in the statement of activities and changes in net assets. The Foundation's policy is to maintain and continue to acquire material evidence, art, and artifacts of victims and survivors of the Holocaust (principally from 1933 to 1945). From time to time, objects may be sold in accordance with the Foundation's collection management policy. Deaccession, the process used to permanently remove an object from the Foundation's collection, may result only if certain conditions have been met. All proceeds realized from deaccessions are allocated to purchase other objects for the Foundation's collection.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs are charged to program services and support services on an actual basis when available. In addition, indirect costs, including depreciation, information technology, interest, building operations, and security, have been allocated between the program and support services based on relative square footage. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including August 28, 2023, which is the date the financial statements were available to be issued.

## Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2022, the Foundation adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. This standard was adopted retrospectively and had no impact on net assets.

## Note 4 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

| | 2022 | 2021 |
|---|---|---|
| Cash | $ 3,382,100 | $ 3,555,376 |
| Money market accounts | 2,996,994 | 3,229,661 |
| Total cash and cash equivalents | $ 6,379,094 | $ 6,785,037 |

## Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

| | Assets Measured at Fair Value on a Recurring Basis at December 31, 2022 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2022 |
| **Assets** | | | | |
| Brokered certificates of deposit | $ - | $ 2,047,376 | $ - | $ 2,047,376 |
| Corporate bonds | - | 10,866,558 | - | 10,866,558 |
| Asset-backed securities | - | 43,633 | - | 43,633 |
| Mutual funds | 940,532 | - | - | 940,532 |
| Variable annuities | - | 598,007 | - | 598,007 |
| Government securities | - | 2,997,996 | - | 2,997,996 |
| Preferred securities | - | 646,199 | - | 646,199 |
| Common stock | 11,642,883 | - | - | 11,642,883 |
| Total assets | $ 12,583,415 | $ 17,199,769 | $ - | $ 29,783,184 |

## Note 5 - Fair Value Measurements (Continued)

| | Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2021 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2021 |
| **Assets** | | | | |
| Brokered certificates of deposit | $ - | $ 492,942 | $ - | $ 492,942 |
| Corporate bonds | - | 15,217,862 | - | 15,217,862 |
| Asset-backed securities | - | 62,219 | - | 62,219 |
| Mutual funds | 1,697,030 | - | - | 1,697,030 |
| Variable annuities | - | 615,698 | - | 615,698 |
| Government securities | - | 582,130 | - | 582,130 |
| Preferred securities | - | 592,845 | - | 592,845 |
| Common stock | 12,771,515 | - | - | 12,771,515 |
| Total assets | $ 14,468,545 | $ 17,563,696 | $ - | $ 32,032,241 |
| **Liabilities** - Interest rate swap | $ - | $ 23,558 | $ - | $ 23,558 |

***Level 1 Inputs***

Common stock - Fair values were based on quoted market prices.

***Level 2 Inputs***

Brokered certificates of deposit, corporate bonds, asset-backed securities, government securities, and preferred securities - Estimated fair values were based on similar investments that are traded on the secondary market.

Variable annuities - The fair value of the variable annuities is based on the present value of the guaranteed monthly payments over the term of the annuity.

Interest rate swap - The Foundation's interest rate swap is not traded on an exchange. The Foundation obtained the fair value of the swap from the counterparty. It then tested that fair value against a fair value determined by a methodology that included using the income approach to value the interest rate swap, using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted), assuming that participants are motivated but not compelled to transact. Level 2 inputs for the swap valuation were limited to quoted prices for similar assets or liabilities in active markets (specifically future contracts) and inputs other than quoted prices that were observable for the asset or liability (specifically LIBOR cash and swap rates, implied volatility for options, caps and floors, basis swap adjustments, and credit risk at commonly quoted intervals). Midmarket pricing was used as a practical expedient for fair value measurement.

## Note 6 - Property and Equipment

Property and equipment are summarized as follows:

| | 2022 | 2021 | Depreciable Life - Years |
|---|---|---|---|
| Buildings and improvements | $ 58,460,436 | $ 56,359,374 | 5-40 |
| Furniture and equipment | 1,999,195 | 1,957,468 | 5-7 |
| Subtotal | 60,459,631 | 58,316,842 | |
| Accumulated depreciation | 24,697,139 | 22,339,890 | |
| Total | $ 35,762,492 | $ 35,976,952 | |

Depreciation expense for 2022 and 2021 was $2,357,249 and $2,130,538, respectively.

## Note 7 - Bonds Payable

On December 20, 2006, the Foundation borrowed $28,500,000 through the Cultural Facility Variable Rate Demand Revenue Bonds Series 2006 tax-exempt bonds issued by the Village of Morton Grove, Illinois. The bonds were issued at a discount of $85,500. The bonds mature on December 1, 2041. The bonds have adjustable methods of interest rate determination, demand features, and interest payment dates. The interest rate on the bonds is reset weekly. As of December 31, 2022, the bonds have been fully paid off by the Foundation.

The Foundation had agreed to maintain a letter of credit for the Series 2006 bonds in an amount equal to the bond principal and interest outstanding, payable to the bond trustee. The letter of credit amount as of December 31, 2022 and 2021 was $0 and $8,631,896, respectively.

The letter of credit fees were payable based on a tiered pricing structure dependent upon a liquidity ratio test. The ratio was measured on the last day of each fiscal quarter and was the sum of unrestricted cash and investments plus the net debt-free fund balance divided by the outstanding indebtedness. As of December 31, 2022 and 2021, the rate charged was 0 and 0.80 percent, respectively. The letter of credit requires the Foundation to comply with certain financial covenants. The bond is collateralized by any and all property of the Foundation, except for certain excluded assets, consisting of the certain cash and investments with and without donor restrictions. Those excluded assets, however, can be added to the collateral if, in the event of a potential or actual default, as defined, the bank so requires. In the event of a default or failed remarketing of the Series 2006 bonds, draws on the letter of credit are due on the date of payment. On April 16, 2019, the letter of credit agreement was amended to extend the expiration date from July 29, 2019 to July 31, 2023.

Based on the weekly remarketing of the interest rate, the carrying value of the debt outstanding approximates fair value as of December 31, 2022 and 2021. The debt would have been classified as a Level 2 input if it had been included in the fair value tables (see Note 5).

Expenses incurred in connection with the bond offerings were deferred and amortized on a straight-line basis over the period the bonds were to be outstanding.

The bond payable balance, net of discount and unamortized bond issuance costs, was $0 and $8,381,974 as of December 31, 2022 and 2021, respectively. Bond issuance costs, net of amortization, were $0 and $118,795 as of December 31, 2022 and 2021, respectively.

Interest expense in 2022 and 2021 was $77,144 and $404,715, respectively.

## Note 7 - Bonds Payable (Continued)

In December 2011, the Foundation entered into a deposit and redemption agreement with the Amalgamated Bank of Chicago, the trustee. The agreement stipulates that the Foundation directs the trustee to call the bonds, as required by the letter of credit bank, for partial optional redemption in the amount of $460,000 on March 15 and September 15 of each year through March 15, 2019. On April 16, 2019, these redemptions were amended to $355,000 on March 15 and September 15 of each year beginning on September 15, 2019 through March 15, 2023.

Pursuant to the deposit and redemption agreement, the Foundation directed the trustee to periodically call the bonds for optional redemptions, as required by the letter of credit bank. Such redemptions were made by draws against the letter of credit. Total amounts of approximately $8,550,000 and $1,590,000 were paid on the outstanding bond in 2022 and 2021, respectively.

## Note 8 - Pledges Receivable

The following are maturities on the pledges receivable as of December 31:

| | 2022 | 2021 |
|---|---|---|
| Years ended December 31: | | |
| Within one year | $ 3,129,909 | $ 2,742,973 |
| One to five years | 2,547,887 | 2,385,350 |
| More than five years | 20,000 | 45,000 |
| Total pledges receivable | 5,697,796 | 5,173,323 |
| Less: | | |
| Discounts at rates from 1.59 to 4.22 percent | (188,842) | (123,874) |
| Allowance for doubtful accounts | (24,341) | (21,252) |
| Total | (213,183) | (145,126) |
| Net minimum pledges receivable | $ 5,484,613 | $ 5,028,197 |

## Note 9 - Leases

In July 2003, the Foundation entered into an agreement with the Village of Skokie, Illinois that included a lease to secure land for the new museum. The lease requires monthly rental payments of $3,158 from July 2003 to June 2053 and includes an option to extend the lease for 50 years at $15 per month. According to the provisions in the lease, the Foundation made an additional one-time special rent payment of $302,300 in 2003. The Foundation recognized $22,063 in rent expense from the lease for the years ended December 31, 2022 and 2021.

## Note 9 - Leases (Continued)

Future minimum annual commitments under the operating lease are as follows:

| Years Ending December 31 | Amount |
|---|---|
| 2023 | $ 37,896 |
| 2024 | 37,896 |
| 2025 | 37,896 |
| 2026 | 37,896 |
| 2027 | 37,896 |
| Thereafter | 975,347 |
| Total | 1,164,827 |
| Less amount representing interest | 634,549 |
| Present value of net minimum lease payments | $ 530,278 |

The Foundation's right-of-use asset relates entirely to the lease described above, which is classified as an operating lease. The right-of-use asset and related lease liability have been calculated using a borrowing rate of 6 percent.

Expenses recognized under this lease for the years ended December 31, 2022 and 2021 consist of the following:

| | 2022 | 2021 |
|---|---|---|
| Operating cash flows from operating leases | $ 37,896 | $ 37,896 |

## Note 10 - Endowment

The Foundation's endowment includes donor-restricted endowment funds established for educational purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no board-designated endowment funds.

### *Interpretation of Relevant Law*

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of these net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary.

## Note 10 - Endowment (Continued)

As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- 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 Foundation
- The investment policies of the Foundation

| | Endowment Net Asset Composition by Type of Fund as of December 31, 2022 | |
|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | $ - | $ 219,741 |
| Accumulated investment gains | - | 85,362 |
| Total | $ - | $ 305,103 |

| | Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022 | |
|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions |
| Endowment net assets - Beginning of year | $ - | $ 278,721 |
| Contributions | - | 10,000 |
| Investment return - Investment income | - | 16,382 |
| Endowment net assets - End of year | $ - | $ 305,103 |

| | Endowment Net Asset Composition by Type of Fund as of December 31, 2021 | |
|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | $ - | $ 209,741 |
| Accumulated investment gains | - | 68,980 |
| Total | $ - | $ 278,721 |

## Note 10 - Endowment (Continued)

| | Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021 | |
|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions |
| Endowment net assets - Beginning of year | $ - | $ 251,136 |
| Contributions | - | 10,350 |
| Investment return - Investment income | - | 17,235 |
| Endowment net assets - End of year | $ - | $ 278,721 |

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the respective benchmarks for the different asset classes provided for in the Foundation’s investment policy. These asset classes include high-grade corporate and government bonds and cash equivalents but specifically exclude any investment in hedge funds, commodities, and private equities. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually, net of management fees. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a balanced portfolio of primarily investment-grade rate fixed-income securities with staged maturities investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

Based on the long-term objectives stated above, the Foundation will only spend the income generated by the endowment fund to support educational purposes stated in the agreements, while preserving the related principal.

## Note 11 - Contributed Nonfinancial Assets

The Foundation received in-kind contributions valued at $71,318 and $102,696 for the years ended December 31, 2022 and 2021, respectively. In 2022 and 2021, the in-kind contributions included pro bono professional services, public relations consulting, exhibit materials, prize donations, advertising space, photography services, and development consulting.

In-kind donations recognized by the Foundation for the years ended December 31 are as follows:

| | 2022 | 2021 |
|---|---|---|
| Auction and other items | $ 71,318 | $ 54,608 |
| Professional services | - | 48,088 |
| Total contributed nonfinancial assets | $ 71,318 | $ 102,696 |

Unless otherwise noted, the contributed nonfinancial assets did not have donor-imposed restrictions.

## Note 11 - Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets are valued and reported at their estimated fair value in the financial statements. Contributed goods and services are valued based on the face value of the items donated. Professional services are valued at the market prices to purchase similar services.

## Note 12 - Net Assets

Donor-restricted net assets as of December 31 are available for the following purposes:

| | 2022 | 2021 |
|---|---|---|
| Purpose restrictions: | | |
| Daley Fund* | $ 1,076,164 | $ 1,076,164 |
| Opportunity grants | 145,043 | 159,219 |
| Total purpose restrictions | 1,221,207 | 1,235,383 |
| Time restrictions | 2,734,035 | 3,559,834 |
| Time and purpose restrictions: | | |
| Education/Event sponsorships | 1,671,057 | 444,335 |
| Special events | 266,055 | 143,200 |
| Strategic projects | 1,402,428 | 802,938 |
| Net Debt Free Fund/debt retirement | - | 450,715 |
| Temporary exhibits | 287,782 | 457,026 |
| Educational endowment | 305,103 | 278,721 |
| Total time and purpose restrictions | 3,932,425 | 2,576,935 |
| Total | $ 7,887,667 | $ 7,372,152 |

*While the balance in the Daley Fund is with donor restrictions for purpose, these amounts can be released to satisfy debt covenants, if needed. If the amounts from this fund are used to meet the debt covenant but are not needed in a future year, the restriction will be restored.

## Note 13 - Commitments

Pursuant to the agreement with the Village of Skokie, Illinois in relation to securing land for the new museum, the Foundation entered into a letter of credit agreement with Bank of America, N.A. for the amount of $100,000. The letter of credit is subject to renewal annually and must remain in effect as long as the lease agreement exists. The current letter of credit expires on July 31, 2024, and management expects that a new agreement will be reached once this extension expires.

## Note 14 - Deferred Compensation

On May 5, 2004, the Foundation entered into an employment agreement with a former executive director. Per the terms of the agreement, the Foundation is obligated to pay additional compensation based upon a vested rate beginning on April 1, 2015 and continuing for 10 years. Thereafter, payments will continue for the greater of the remainder of the lives of the former executive director and his spouse or 10 years. In accordance with the former executive director's employment agreement, he was 95 percent vested with respect to additional compensation as of the last day of employment. The liability is recorded as deferred compensation on the statement of financial position.

To provide partial funding against the liability, the Foundation maintains an annuity contract for the benefit of the former executive director and his spouse, which is recorded as an investment on the statement of financial position. The fair value of the annuity as of December 31, 2022 and 2021 was $465,585.

## Note 14 - Deferred Compensation (Continued)

The Foundation also has a 457(b) deferred compensation plan for its immediate past chief executive officer. In 2023, the Foundation made a final contribution equal to 5 percent of the chief executive officer's previous year's salary and bonus to the plan.

## Note 15 - 403(b) Plan

The Foundation sponsors a 403(b) plan for substantially all employees. The plan provides for the Foundation to make a discretionary matching contribution. Contributions to the plan totaled $30,263 and $35,512 for the years ended December 31, 2022 and 2021, respectively.

## Note 16 - Interest Rate Swap

As part of the financing described in Note 7, on September 13, 2007, the Foundation entered into a derivative financial instrument to reduce its exposure to market risks from changes in interest rates. The instrument used to mitigate these risks is an interest rate swap. Any change in the fair value of the interest rate swap agreement is recognized in the statement of activities and changes in net assets. Concurrent with final repayment of the financing, the Foundation terminated the interest rate swap and paid a termination fee of $24,243.

By using a derivative financial instrument to hedge exposure to changes in interest rates, the Foundation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of the derivative contract is positive, the counterparty owes the Foundation, which creates credit risk for the Foundation. When the fair value of a derivative contract is negative, the Foundation owes the counterparty if the Foundation terminated the contract. The Foundation minimizes the credit risk in its derivative instrument by entering into transactions with a high-quality counterparty.

The Foundation entered into the interest rate swap with Fifth Third Bank to hedge the interest rate risk associated with the $28,500,000 issuance of the variable-rate debt of tax-exempt bonds. The purpose of the swap was to fix interest rates on variable-rate debt and to reduce certain exposures to interest rate fluctuation. The notional amount is $8,550,000 through January 31, 2022. The notional amount does not represent a measurable exposure to the Foundation.

Market risk is the adverse effect on the value of financial instruments that results from a change in interest rates. The market risk associated with the interest rate swap is managed by establishing parameters that limit the types and degree of market risk that may be undertaken. The interest rate swap had a fixed rate of 3.41 percent at December 31, 2021. The Foundation paid the counterparty interest at a fixed rate, as noted, and the counterparty paid the Foundation interest at a variable rate equal to 67 percent of LIBOR, which was 0.1028 percent at December 31, 2021. The interest rate swap matured on January 31, 2022.

The following table presents the amounts and the locations of the amounts relating to the Foundation's interest rate swap in the Foundation's financial statements as of and for the years ended December 31, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| Statement of financial position - Interest rate swap marked to market | $ - | $ 23,558 |
| Statement of activities and changes in net assets: | | |
| Unrealized gain on interest rate swap | $ - | $ 285,002 |
| Realized gain on interest rate swap | 23,558 | - |
| Interest rate expense included in operations | (24,243) | (285,831) |
| Total loss on interest rate swap | $ (685) | $ (829) |

## Note 17 - Paycheck Protection Program Refundable Advance

During the year ended December 31, 2021, the Foundation received a Paycheck Protection Program (PPP) loan in the amount of $522,207 for its second PPP loan (PPP2). The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Foundation may use the funds on qualifying expenses over a covered period up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of 18 months, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

Accounting principles generally accepted in the United States of America (U.S. GAAP) state that government grants, including certain forgivable government loans, are recognized as income in the period in which an entity has substantially overcome all measurable performance-related barriers necessary to be entitled to keep the grant funds.

The Foundation applied for and received notification from the SBA of forgiveness of the entire PPP2 loan on June 29, 2021. As of December 31, 2021, the Foundation has assessed that all requirements for forgiveness were achieved and, therefore, has recorded Paycheck Protection Program grant revenue of $522,207.

## Note 18 - Liquidity

The following reflects the Foundation's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

| | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | $ 6,379,094 | $ 6,785,037 |
| Investments | 29,783,184 | 32,032,241 |
| Receivables | 6,194,354 | 5,683,935 |
| Total financial assets at year end | 42,356,632 | 44,501,213 |
| Less those unavailable for general expenditures within one year due to - Contractual or donor-imposed restrictions: | | |
| Restricted by donors with time or purpose restrictions less expected current pledge releases | 7,582,564 | 7,093,431 |
| Unappropriated donor-restricted endowment earnings | 85,362 | 68,980 |
| Net assets to be maintained in perpetuity | 219,741 | 209,741 |
| Contractually restricted by debt covenant | - | 710,000 |
| Long-term portion of note receivable | 521,630 | 527,842 |
| Board-designated funds | 2,158,747 | 3,979,965 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 31,788,588 | $ 31,911,254 |

The Foundation is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditure within one year.

## Note 18 - Liquidity (Continued)

The Foundation has a goal to maintain financial assets, which consist of cash, investments, and receivables, on hand to meet one year of normal operating expenses, which are, on average, approximately $8,000,000. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.