
Holocaust Memorial Foundation of Illinois

(a not-for-profit corporation)

Financial Report
December 31, 2023

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Independent Auditor's Report

To the Board of Directors
Holocaust Memorial Foundation of Illinois

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Holocaust Memorial Foundation of Illinois (the "Foundation"), which comprise the statement of financial position as of December 31, 2023 and 2022 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, 2023 and 2022 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

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 May 23, 2024 on our consideration of Holocaust Memorial Foundation of Illinois' 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' 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' internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 23, 2024

Holocaust Memorial Foundation of Illinois

Statement of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 9,989,747	\$ 6,379,094
Certificates of deposit - Non-negotiable	1,455,220	-
Investments	30,354,786	29,783,184
Receivables:		
Pledges receivable - Net of allowance for doubtful accounts and discount on present value	5,447,418	5,484,613
Interest receivable	130,041	113,173
Accounts receivable	-	68,726
Inventory	42,080	61,186
Note receivable	521,630	527,842
Prepaid expenses	408,876	217,101
Right-of-use asset - Net	1,151,008	1,141,420
Property and equipment - Net	34,179,230	35,762,492
	<u>\$ 83,680,036</u>	<u>\$ 79,538,831</u>
Total assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 239,332	\$ 72,149
Deferred revenue	2,167,356	1,562,589
Other accrued expenses	85,041	213,342
Operating lease liability	524,029	530,278
Deferred compensation	830,047	818,400
	<u>3,845,805</u>	<u>3,196,758</u>
Total liabilities		
Net Assets		
Without donor restrictions	72,353,459	68,454,406
With donor restrictions	7,480,772	7,887,667
	<u>79,834,231</u>	<u>76,342,073</u>
Total net assets		
	<u>\$ 83,680,036</u>	<u>\$ 79,538,831</u>
Total liabilities and net assets		

Holocaust Memorial Foundation of Illinois

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Loss), and Other Support						
Contributions	\$ 1,261,697	\$ 2,265,899	\$ 3,527,596	\$ 2,193,125	\$ 663,642	\$ 2,856,767
Grants	3,078,341	601,003	3,679,344	2,902,166	3,718,285	6,620,451
Bequests	-	-	-	4,325,405	-	4,325,405
Contributed nonfinancial assets	346,448	-	346,448	71,318	-	71,318
Special event income	3,816,179	39,275	3,855,454	4,595,718	97,005	4,692,723
Membership dues	303,942	-	303,942	269,790	-	269,790
Admissions income	611,620	-	611,620	598,401	-	598,401
Gift shop income	159,250	-	159,250	137,051	-	137,051
Speaker income	4,904	-	4,904	11,675	-	11,675
Other	56,771	-	56,771	161,935	-	161,935
Interest and dividend income - Net of investment expenses	1,077,340	16,769	1,094,109	756,792	16,382	773,174
Realized and unrealized gain (loss) on investments	2,395,462	(59,912)	2,335,550	(3,588,763)	-	(3,588,763)
Realized and unrealized gain on interest rate swap	-	-	-	23,558	-	23,558
Net assets released from restrictions	3,269,929	(3,269,929)	-	3,979,799	(3,979,799)	-
Total revenue, gains (loss), and other support	16,381,883	(406,895)	15,974,988	16,437,970	515,515	16,953,485
Expenses						
Program expenses:						
Program services	3,299,974	-	3,299,974	2,076,058	-	2,076,058
Program operations	3,982,055	-	3,982,055	3,837,483	-	3,837,483
Support services:						
General and administrative	1,350,698	-	1,350,698	753,252	-	753,252
Special events	1,280,094	-	1,280,094	1,485,376	-	1,485,376
Development	1,302,494	-	1,302,494	940,305	-	940,305
Supporting operations	1,267,515	-	1,267,515	1,636,280	-	1,636,280
Total expenses	12,482,830	-	12,482,830	10,728,754	-	10,728,754
Increase (Decrease) in Net Assets	3,899,053	(406,895)	3,492,158	5,709,216	515,515	6,224,731
Net Assets - Beginning of year	68,454,406	7,887,667	76,342,073	62,745,190	7,372,152	70,117,342
Net Assets - End of year	\$ 72,353,459	\$ 7,480,772	\$ 79,834,231	\$ 68,454,406	\$ 7,887,667	\$ 76,342,073

See notes to financial statements.

Holocaust Memorial Foundation of Illinois

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Expenses			Support Services					Total
	Program Services	Program Operations	Total	General and Administrative	Special Events	Development	Supporting Operations	Total	
Salaries, benefits, and payroll taxes	\$ 1,497,968	\$ 603,715	\$ 2,101,683	\$ 819,296	\$ -	\$ 805,397	\$ 175,265	\$ 1,799,958	\$ 3,901,641
Advertising and public relations	18,516	-	18,516	-	-	-	128,199	128,199	146,715
Bad debt expense	-	-	-	-	-	210,520	-	210,520	210,520
Bank and credit card charges	10,713	-	10,713	-	50,262	35,019	-	85,281	95,994
Conferences and meetings	87,459	-	87,459	17,804	-	2,150	1,789	21,743	109,202
Consultants and temporary help	33,196	-	33,196	109,740	-	214,627	-	324,367	357,563
Contributions	-	-	-	1,246	-	-	-	1,246	1,246
Cost of goods sold	-	123,188	123,188	-	-	-	-	-	123,188
Depreciation	-	2,036,870	2,036,870	-	-	-	612,547	612,547	2,649,417
Fundraising expenses	-	-	-	-	1,217,460	17,485	-	1,234,945	1,234,945
Education programs	958,630	-	958,630	-	-	4,990	-	4,990	963,620
Exhibition costs and maintenance	612,813	-	612,813	-	-	-	-	-	612,813
Information technology	-	161,769	161,769	-	-	-	47,986	47,986	209,755
In-kind expenses	-	53,677	53,677	264,476	12,372	-	15,923	292,771	346,448
Insurance	-	62,245	62,245	24,185	-	-	18,464	42,649	104,894
Interest and bond amortization	-	-	-	697	-	-	-	697	697
Office expenses	60,394	50,277	110,671	4,770	-	12,306	16,804	33,880	144,551
Opportunity grants	20,285	-	20,285	-	-	-	-	-	20,285
Professional fees	-	-	-	108,484	-	-	-	108,484	108,484
Building operations	-	471,514	471,514	-	-	-	126,309	126,309	597,823
Security	-	418,800	418,800	-	-	-	124,229	124,229	543,029
Total functional expenses	\$ 3,299,974	\$ 3,982,055	\$ 7,282,029	\$ 1,350,698	\$ 1,280,094	\$ 1,302,494	\$ 1,267,515	\$ 5,200,801	\$ 12,482,830

Holocaust Memorial Foundation of Illinois

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Expenses			Support Services					Total
	Program Services	Program Operations	Total	General and administrative	Special Events	Development	Supporting Operations	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

Holocaust Memorial Foundation of Illinois

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	\$ 3,492,158	\$ 6,224,731
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,649,417	2,357,249
Bad debt	210,520	6,675
Realized and unrealized (gain) loss on investments	(2,335,550)	3,588,763
Amortization of bond issuance costs	-	168,026
Increase in right-of-use asset	(9,588)	(9,952)
Realized gain on interest rate swap	-	(23,558)
Contributions restricted for long-term purposes	(129,292)	(10,000)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Pledges receivable	(173,325)	(463,091)
Interest receivable	(16,868)	6,797
Accounts receivable	68,726	(66,649)
Inventory	19,106	(5,521)
Prepaid expenses	(191,775)	344,900
Accounts payable	167,183	(36,814)
Deferred revenue	604,767	(254,238)
Other accrued expenses	(128,301)	(11,543)
Deferred compensation	11,647	(199,185)
Operating lease liability	(6,249)	(5,887)
Net cash and cash equivalents provided by operating activities	4,232,576	11,610,703
Cash Flows from Investing Activities		
Purchases of investments and certificates of deposit	(15,050,174)	(19,398,151)
Proceeds from sales of investments	15,358,903	18,058,445
Payments on notes receivable	6,212	5,849
Capital expenditures	(1,066,156)	(2,142,789)
Net cash and cash equivalents used in investing activities	(751,215)	(3,476,646)
Cash Flows from Financing Activities		
Payments on bond payable	-	(8,550,000)
Contributions restricted for long-term purposes	129,292	10,000
Net cash and cash equivalents provided by (used in) financing activities	129,292	(8,540,000)
Net Increase (Decrease) in Cash and Cash Equivalents	3,610,653	(405,943)
Cash and Cash Equivalents - Beginning of year	6,379,094	6,785,037
Cash and Cash Equivalents - End of year	\$ 9,989,747	\$ 6,379,094

December 31, 2023 and 2022

Note 1 - Nature of Organization

Holocaust Memorial Foundation of Illinois (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.

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.

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, 2023 and 2022 were \$371,246 and \$372,114, respectively, and are included in deferred revenue on the statement of financial position. Total contract liabilities as of January 1, 2022 were \$437,540. Revenue recognized in 2023 and 2022 that was included in the contract liability balance at the beginning of the year was \$221,302 and \$195,181, 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 the time of performance.

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.

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.

Note 2 - Significant Accounting Policies (Continued)

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, 2023, the Foundation is eligible to recognize conditional contributions of \$650,000 upon the opening of a specific exhibit and \$261,927 related to a multiyear education project. As of December 31, 2022, the Foundation is eligible to recognize conditional contributions of \$1,000,000 upon the opening of specific exhibits.

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.

Certificates of Deposit

The Foundation has investments in certificates of deposit at December 31, 2023. The certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

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.

Leases

The Foundation has an operating lease, as described in Note 8. The Foundation recognizes expense for the operating lease on a straight-line basis over the lease term. The Foundation recognized operating lease right-of-use asset and related lease liability equal to present value of the fixed rental payments over the term of the lease. Operating right-of-use assets are amortized over the remaining term of the lease.

The Foundation elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

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 May 23, 2024, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2023	2022
Cash	\$ 5,687,213	\$ 3,382,100
Money market accounts	4,302,534	2,996,994
Total cash and cash equivalents	<u>\$ 9,989,747</u>	<u>\$ 6,379,094</u>

Note 4 - 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 measured at fair value on a recurring basis at December 31, 2023 and 2022 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 that the Foundation has the ability to access.

December 31, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

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 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. 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.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2023				
	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, 2023
Assets				
Corporate bonds	\$ -	\$ 10,843,058	\$ -	\$ 10,843,058
Asset-backed securities	-	35,002	-	35,002
Mutual funds	7,067,808	-	-	7,067,808
Variable annuities	-	519,639	-	519,639
Government securities	-	1,877,585	-	1,877,585
Preferred securities	-	911,289	-	911,289
Common stock	9,100,405	-	-	9,100,405
Total assets	\$ 16,168,213	\$ 14,186,573	\$ -	\$ 30,354,786

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

Level 1 Inputs

Mutual funds and 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.

December 31, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

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.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022	Depreciable Life - Years
Buildings and improvements	\$ 48,272,982	\$ 48,259,369	5-40
Exhibits	10,702,994	10,143,431	5-20
Furniture and equipment	2,091,695	1,999,194	4-20
Exhibition in progress	458,115	57,639	10
Subtotal	61,525,786	60,459,633	
Accumulated depreciation	27,346,556	24,697,139	
Total	<u>\$ 34,179,230</u>	<u>\$ 35,762,494</u>	

Depreciation expense for 2023 and 2022 was \$2,649,417 and \$2,357,249, respectively.

As of December 31, 2023, the Foundation had total contract commitments of \$379,429 related to the completion of the Genocide Exhibit.

Note 6 - 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 were fully paid off by the Foundation.

Interest expense in 2023 and 2022 was \$697 and \$77,144, respectively.

Note 7 - Pledges Receivable

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

	2023	2022
Years ended December 31:		
Within one year	\$ 3,959,391	\$ 3,129,909
One to five years	1,713,580	2,536,887
More than five years	20,000	31,000
Total pledges receivable	5,692,971	5,697,796
Less:		
Discounts at rates from 1.59 to 4.22 percent	(107,908)	(188,842)
Allowance for doubtful accounts	(137,645)	(24,341)
Total	(245,553)	(213,183)
Net minimum pledges receivable	<u>\$ 5,447,418</u>	<u>\$ 5,484,613</u>

Note 8 - 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, 2023 and 2022.

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

Years Ending December 31	Amount
2024	\$ 37,896
2025	37,896
2026	37,896
2027	37,896
2028	37,896
Thereafter	<u>937,452</u>
Total	1,126,932
Less amount representing interest	<u>602,903</u>
Present value of net minimum lease payments	<u>\$ 524,029</u>

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, 2023 and 2022 consist of the following:

	2023	2022
Operating cash flows from operating leases	\$ 37,896	\$ 37,896

Note 9 - 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 9 - 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, 2023	
		Without Donor Restrictions	With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$	-	\$ 349,033
Accumulated investment gains		-	42,220
Total	\$	-	\$ 391,253

		Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2023	
		Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	\$	-	\$ 305,103
Contributions		-	129,292
Investment return - Investment loss		-	(43,142)
Endowment net assets - End of year	\$	-	\$ 391,253

		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

December 31, 2023 and 2022

Note 9 - Endowment (Continued)

	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

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 10 - Contributed Nonfinancial Assets

The Foundation received in-kind contributions valued at \$346,448 and \$71,318 for the years ended December 31, 2023 and 2022, respectively. In 2023 and 2022, 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:

	2023	2022
Auction and other items	\$ 81,972	\$ 71,318
Professional services	264,476	-
Total contributed nonfinancial assets	\$ 346,448	\$ 71,318

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

December 31, 2023 and 2022

Note 10 - 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 11 - Net Assets

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

	2023	2022
Purpose restrictions:		
Daley Fund	\$ 1,076,164	\$ 1,076,164
Opportunity grants	78,333	145,043
Total purpose restrictions	1,154,497	1,221,207
Time restrictions	2,440,312	2,734,035
Time and purpose restrictions:		
Education programming	2,553,620	1,671,057
Special events	98,605	266,055
Strategic projects	680,862	1,402,428
Temporary exhibits	161,623	287,782
Educational endowment	391,253	305,103
Total time and purpose restrictions	3,885,963	3,932,425
Total	\$ 7,480,772	\$ 7,887,667

Note 12 - 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 13 - 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, 2023 and 2022 was \$400,510 and \$465,585, respectively.

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 13 - Deferred Compensation (Continued)

On February 8, 2023, the Foundation entered into an employment agreement with the current chief executive officer. Per the terms of the agreement, the Foundation is to make contributions equal to 5 percent of the chief executive officer's salary and bonus each year into a deferred compensation vehicle. The liability is recorded as deferred compensation on the statement of financial position.

Note 14 - 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 \$45,714 and \$30,263 for the years ended December 31, 2023 and 2022, respectively.

Note 15 - Interest Rate Swap

As part of the financing described in Note 6, 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 was an interest rate swap. Any change in the fair value of the interest rate swap agreement was 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 effective December 31, 2022 and paid a termination fee of \$24,243.

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 year ended December 31, 2022. There was no interest rate swap balance as of December 31, 2023.

Statement of activities and changes in net assets:		
Realized gain on interest rate swap	\$	23,558
Interest rate expense included in operations		<u>(24,243)</u>
Total loss on interest rate swap	\$	<u><u>(685)</u></u>

Note 16 - 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,989,747	\$ 6,379,094
Certificates of deposit	1,455,220	-
Investments	30,354,786	29,783,184
Receivables	<u>6,099,089</u>	<u>6,194,354</u>
Total financial assets at year end	47,898,842	42,356,632
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	7,088,346	7,582,564
Unappropriated donor-restricted endowment earnings	42,220	85,362
Net assets to be maintained in perpetuity	349,033	219,741
Long-term portion of note receivable	515,033	521,630
Board-designated funds	<u>2,228,319</u>	<u>2,158,747</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 37,675,891</u>	<u>\$ 31,788,588</u>

December 31, 2023 and 2022

Note 16 - Liquidity (Continued)

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.

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 \$9,000,000. 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.