

THE HOLOCAUST MEMORIAL RESOURCE
&
EDUCATION CENTER OF FLORIDA, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2010

Glickstein ▪ Laval ▪ Carris ▪ P.A.

CERTIFIED PUBLIC ACCOUNTANTS



Shareholders

Martin R. Glickstein, CPA
Rodney S. Laval, CPA of Counsel
W. Neal Carris, CPA
James M. Loomis, CPA
Mary C. Dantuma, CPA, MST
Bethany K. Lusby, CPA, MST
Richard M. Ornstein, CPA
J. Russell Hamlin, CPA

Principal

T. Shepard Burr, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Holocaust Memorial Resource & Education
Center of Florida, Inc.
Maitland, Florida

We have audited the accompanying statement of financial position of The Holocaust Memorial Resource & Education Center of Florida, Inc., (a nonprofit organization) as of August 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Holocaust Memorial Resource & Education Center of Florida, Inc. as of August 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Glickstein Laval Carris, P.A.

Glickstein Laval Carris, P.A.

Maitland, Florida
November 22, 2010

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 451,249
Short-term investments	21,131
Accounts receivable	2,360
Prepaid expenses	<u>263</u>

Total current assets	<u>475,003</u>
----------------------	----------------

PROPERTY AND EQUIPMENT

Equipment and library	249,130
Less: Accumulated depreciation	<u>(104,182)</u>

Total property and equipment	<u>144,948</u>
------------------------------	----------------

OTHER ASSETS

Long-term investments	1,637,372
Investments with T.O.P.	<u>333,044</u>

Total other assets	<u>1,970,416</u>
--------------------	------------------

Total Assets	<u>\$2,590,367</u>
--------------	--------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 19,310
Deferred income	<u>17,500</u>

Total current liabilities	<u>36,810</u>
---------------------------	---------------

NET ASSETS

Unrestricted	1,040,821
Permanently restricted	<u>1,512,736</u>

Total net assets	<u>2,553,557</u>
------------------	------------------

Total Liabilities and Net Assets	<u>\$2,590,367</u>
----------------------------------	--------------------

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

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants received	\$ 45,420	\$ 52,900	\$ --	\$ 98,320
Special events	236,939	--	--	236,939
Contributions	68,088	--	50,000	118,088
Jewish Federation of Greater Orlando	<u>39,941</u>	<u>--</u>	<u>--</u>	<u>39,941</u>
Total public support	<u>390,388</u>	<u>52,900</u>	<u>50,000</u>	<u>493,288</u>
Revenue				
Membership and program fees	21,779	--	--	21,779
Investment income (loss)	20,571	--	(5,480)	15,091
Miscellaneous income	<u>2,085</u>	<u>--</u>	<u>--</u>	<u>2,085</u>
Total revenue	<u>44,435</u>	<u>--</u>	<u>(5,480)</u>	<u>38,955</u>
Net assets released from restrictions:				
Satisfaction of time and use restrictions	<u>52,900</u>	<u>(52,900)</u>	<u>--</u>	<u>--</u>
Total public support and revenue and net assets released from restrictions	<u>487,723</u>	<u>--</u>	<u>44,520</u>	<u>532,243</u>
EXPENSES				
Program expenses	368,848	--	--	368,848
Supporting services	<u>105,434</u>	<u>--</u>	<u>--</u>	<u>105,434</u>
Total expenses	<u>474,282</u>	<u>--</u>	<u>--</u>	<u>474,282</u>
Change in net assets	13,441	--	44,520	57,961
NET ASSETS -				
September 1, 2009	<u>1,027,380</u>	<u>--</u>	<u>1,468,216</u>	<u>2,495,596</u>
NET ASSETS -				
August 31, 2010	<u>\$1,040,821</u>	<u>\$ --</u>	<u>\$1,512,736</u>	<u>\$2,553,557</u>

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

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 57,961
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:	
Depreciation	8,202
Loss on disposal of assets	41
Decrease in accounts receivable	6,765
Decrease in prepaid expenses	3,227
Increase in accounts payable	11,327
Decrease in deferred income	<u>(13,000)</u>
Net cash provided by operating activities	<u>74,523</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in funds held at T.O.P.	5,422
Purchase of short-term investments	(133,835)
Sale of long-term investments	56,499
Purchase of fixed assets	<u>(528)</u>
Net cash used in investing activities	<u>(72,442)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,081

CASH AND CASH EQUIVALENTS -
Beginning of year 449,168

CASH AND CASH EQUIVALENTS -
End of year \$ 451,249

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

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Holocaust Memorial Resource & Education Center of Florida, Inc. (the Organization) was established in 1982 as a nonprofit agency for the following purposes:

1. To encourage and foster the study of the historical and moral lessons and continuing relevance to contemporary society of The Holocaust.
2. To establish and maintain a local resource and education center devoted to the collection and dissemination of educational information about this tragic episode in world history.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general purposes. Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Organization's general activities.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 22, 2010, the date that the financial statements were available to be issued.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Equipment and Library

Equipment and library are recorded at cost, if purchased, or if donated, at fair market value at the date of receipt. Depreciation of the equipment is provided on a straight-line basis over the estimated useful lives of the respective assets of 3 to 40 years. The library has not been depreciated as it has a relatively permanent value. The Organization's capitalization policy requires assets to be capitalized if the original cost or fair value at date of donation exceeds \$250. Assets acquired at a cost under this amount are capitalized at the discretion of management. Depreciation expense charged to operations was \$8,202 for the fiscal year ended August 31, 2010.

Donated Services

A significant portion of the Organization's functions are conducted by officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

Short-Term Investments

The Organization has various certificates of deposit stated at cost plus accrued interest. The certificates originated from donations to support the Cultural Endowment Program.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from Federal income taxes under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is included in the financial statements. The Organization has not incurred unrelated business income taxes.

Deferred Income

Deferred income represents grants or awards received but not yet earned.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, as applicable. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished).

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

Investments (Continued)

The following presents investments of the Cultural Endowment Funds at August 31, 2010:

Certificates of deposits	\$ 455,387
Money Fund	61,611
Bonds, notes, or other obligations of the United States	<u>291,147</u>
Total Cultural Endowment Funds	<u>808,145</u>
Other investments include the following at 8/31/10:	
Bonds, notes, or other obligations of the United States	\$ 170,633
Bonds, notes, or other obligations of other countries	355,635
Certificates of deposit	21,131
Corporate stock and equity	260,818
Money Fund	<u>42,141</u>
Total other investments	<u>850,358</u>
Total investments	1,658,503
Less short-term investments	<u>(21,131)</u>
Total long-term investments	<u>\$1,637,372</u>

NOTE 2 - TRANSACTIONS WITH JEWISH FEDERATION OF GREATER ORLANDO

The land and part of the building which the Organization utilizes as its operating facility is owned by the Jewish Federation of Greater Orlando. Rent expense for the fiscal year ended August 31, 2010 was \$34,304.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 2 - TRANSACTIONS WITH JEWISH FEDERATION OF GREATER ORLANDO
(Continued)

The Organization has a 32 year lease which began on September 1, 1993 and will terminate on August 31, 2025. The Organization has the option to extend this lease for one additional term of fifty years. Rent is set annually and is based on the Organization's proportionate share of the Federation's debt reduction, operating and maintenance expenses and major reserve funding.

NOTE 3 - INVESTMENT WITH TAMPA-ORLANDO-PINELLAS JEWISH FOUNDATION

The Tampa-Orlando-Pinellas Jewish Foundation invests funds it holds for the benefit of others in marketable securities on a pooled basis. Marketable securities are recorded at market value. Some of these funds are temporarily or permanently restricted by donors. Income earned on these funds can generally be used for operational purposes.

Endowment contributions are permanently restricted by the donor and recorded at market value. Only interest earned on the investment can be used for general operations. Interest is reported earned in the permanently restricted fund and released from restriction into the unrestricted fund.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several banks. At August 31, 2010 accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Uninsured cash balances at August 31, 2010 were \$4,854.

In addition, the Organization receives substantial support from local individuals and businesses. The financial strength of the Organization is therefore contingent upon the financial conditions of the local economy.

NOTE 5 - ADVERTISING

The Organization expenses advertising as incurred. Advertising expense for the fiscal year ended August 31, 2010 was \$2,543.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 6 - EMPLOYEE RETIREMENT PLAN

The Organization sponsors a tax deferred annuity retirement plan for its employees. An employee is eligible to participate after two years of employment. Participation is voluntary. The Organization may match up to 3% of the employee's salary. Contribution charged to expense for the year ended August 31, 2010 was \$3,179.

NOTE 7 - FAIR VALUE MEASUREMENTS

FASB ASC 820 *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are summarized as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets.

Level 2 - Inputs to the valuation methodology include

- quoted market prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets at Fair Value as of August 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments	\$ 333,044	\$ --	\$ --	\$ 333,044
Corporate stocks	260,818	--	--	260,818
Corporate bonds	<u>817,415</u>	<u>--</u>	<u>--</u>	<u>817,415</u>
	<u>\$1,411,277</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,411,277</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2010:

Equipment	\$ 101,664
Exhibits & Archives	5,000
Leasehold improvements	66,472
Library	<u>75,994</u>
Total property and equipment	249,130
Less: Accumulated depreciation	<u>(104,182)</u>
Net property and equipment	<u>\$ 144,948</u>

NOTE 9 - ENDOWMENT FUNDS

The Organization's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

THE HOLOCAUST MEMORIAL RESOURCE & EDUCATION CENTER OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2010

NOTE 9 - ENDOWMENT FUNDS (Continued)

The Organization has adopted investment and spending policies, approved by the Board of Directors, 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 these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The Investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objective, the Organization 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 Organization targets a diversified asset allocation that places an emphasis on fixed income securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.