

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FLORIDA HOLOCAUST MUSEUM, INC. AND
HISTORY, HERITAGE AND HOPE FOUNDATION, INC.

June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Holocaust Museum, Inc.
History, Heritage and Hope Foundation, Inc.

Report on Audit of Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc. (together, the "Organization"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combined statements of financial position, combined statements of activities, and schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements of financial position, combined statements of activities, and schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Tampa, Florida
January 18, 2024

A handwritten signature in cursive script that reads "Benicio, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,053,752	\$ 1,405,393
Unconditional promises to give, net	178,874	261,817
Grants receivable	337,500	-
Estate receivable	164,559	159,287
Educational materials for resale	12,598	17,264
Prepaid expenses	68,460	42,163
Other assets	28,500	28,500
Investments, at fair value	3,590,779	3,250,947
Property and equipment, net	<u>2,973,978</u>	<u>3,002,808</u>
 TOTAL ASSETS	 <u>\$ 9,409,000</u>	 <u>\$ 8,168,179</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 170,709	\$ 146,647
Annuity obligations payable	1,213	1,213
Deferred revenue - membership dues	18,234	19,208
Refundable advances	1,313,737	242,726
Line of credit	150,000	-
Long-term debt	797,612	829,428
Total liabilities	<u>2,451,505</u>	<u>1,239,222</u>
 NET ASSETS		
Without donor restrictions	5,249,375	5,272,436
With donor restrictions	<u>1,708,120</u>	<u>1,656,521</u>
Total net assets	<u>6,957,495</u>	<u>6,928,957</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,409,000</u>	 <u>\$ 8,168,179</u>

The accompanying notes are an integral part of these statements.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

	Year Ended June 30, 2023			June 30, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and revenues				
Admissions	\$ 263,584	\$ -	\$ 263,584	\$ 239,887
Contributions	1,630	551,905	553,535	503,027
Contributions-in-kind	45,512	-	45,512	56,550
Special event revenue				
less direct benefits to donors of \$181,744	694,373	-	694,373	650,137
Grants	1,578,248	-	1,578,248	1,779,801
Investment return, net	222,849	133,540	356,389	(504,239)
PPP loan forgiveness	-	-	-	515,927
Other income	71,026	-	71,026	64,928
Loss on disposal assets	-	-	-	(13,172)
Membership dues	38,024	-	38,024	37,111
Museum store sales, net of cost of sales of \$34,054	24,451	-	24,451	8,673
Net assets released from restrictions	633,846	(633,846)	-	-
Total public support and revenue	<u>3,573,543</u>	<u>51,599</u>	<u>3,625,142</u>	<u>3,338,630</u>
Expenses				
Program services				
Museum operations	2,576,864	-	2,576,864	2,301,686
Supporting services				
Management and general	706,450	-	706,450	578,237
Fundraising	313,290	-	313,290	425,394
Total expenses	<u>3,596,604</u>	<u>-</u>	<u>3,596,604</u>	<u>3,305,317</u>
Change in net assets	(23,061)	51,599	28,538	33,313
Net assets at beginning of year	<u>5,272,436</u>	<u>1,656,521</u>	<u>6,928,957</u>	<u>6,895,644</u>
Net assets at end of year	<u>\$ 5,249,375</u>	<u>\$ 1,708,120</u>	<u>\$ 6,957,495</u>	<u>\$ 6,928,957</u>

The accompanying notes are an integral part of this statement.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues			
Admissions	\$ 239,887	\$ -	\$ 239,887
Contributions	291,282	211,745	503,027
Contributions-in-kind	56,550	-	56,550
Special event revenue			
less direct benefits to donors of \$9,991	650,137	-	650,137
Grants	1,779,801	-	1,779,801
Investment return, net	(305,919)	(198,320)	(504,239)
PPP loan forgiveness	515,927	-	515,927
Other income	64,928	-	64,928
Loss on disposal assets	(13,172)	-	(13,172)
Membership dues	37,111	-	37,111
Museum store sales, net of cost of sales of \$7,565	8,673	-	8,673
Net assets released from restrictions	235,875	(235,875)	-
Total public support and revenue	<u>3,561,080</u>	<u>(222,450)</u>	<u>3,338,630</u>
Expenses			
Program services			
Museum operations	2,301,686	-	2,301,686
Supporting services			
Management and general	578,237	-	578,237
Fundraising	425,394	-	425,394
Total expenses	<u>3,305,317</u>	<u>-</u>	<u>3,305,317</u>
Change in net assets	255,763	(222,450)	33,313
Net assets at beginning of year	<u>5,016,673</u>	<u>1,878,971</u>	<u>6,895,644</u>
Net assets at end of year	<u>\$ 5,272,436</u>	<u>\$ 1,656,521</u>	<u>\$ 6,928,957</u>

The accompanying notes are an integral part of this statement.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Supporting Services				Total Expenses	
	Program Services	Management and General	Fundraising	Total	2023	2022
				Supporting Services		
Salaries, payroll taxes and employee benefits	\$ 1,254,515	\$ 57,644	\$ 75,467	\$ 133,111	\$ 1,387,626	\$ 1,487,471
Contracted services	312,165	511,137	196,407	707,544	1,019,709	603,600
Depreciation	179,081	-	-	-	179,081	157,594
Exhibits	272,757	56	-	56	272,813	116,050
Insurance and licenses	39,537	38,038	-	38,038	77,575	64,350
Interest	33,923	2,307	-	2,307	36,230	43,222
Miscellaneous	12,199	33,484	685	34,169	46,368	104,934
Office and supplies	97,592	4,039	967	5,006	102,598	103,575
Postage	13,587	3,325	690	4,015	17,602	14,640
Professional fees	103,067	-	-	-	103,067	264,058
Promotion and advertising	9,108	1,266	19,110	20,376	29,484	61,353
Provision for uncollectible promises to give	-	48,461	-	48,461	48,461	30,320
Rent	15,738	-	-	-	15,738	13,531
Repairs and maintenance	59,394	-	24	24	59,418	66,678
Security service	56,229	-	-	-	56,229	49,746
Travel and meetings	62,004	6,693	19,940	26,633	88,637	60,132
Utilities and telephone	55,968	-	-	-	55,968	64,063
	<u>\$ 2,576,864</u>	<u>\$ 706,450</u>	<u>\$ 313,290</u>	<u>\$ 1,019,740</u>	<u>\$ 3,596,604</u>	<u>\$ 3,305,317</u>

The accompanying notes are an integral part of this statement.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, payroll taxes and employee benefits	\$ 1,152,310	\$ 158,393	\$ 176,768	\$ 335,161	\$ 1,487,471
Contracted services	219,668	267,153	116,779	383,932	603,600
Depreciation	146,562	9,456	1,576	11,032	157,594
Exhibits	116,050	-	-	-	116,050
Insurance and licenses	62,337	1,993	20	2,013	64,350
Interest	33,472	9,750	-	9,750	43,222
Miscellaneous	81,596	21,369	1,969	23,338	104,934
Office and supplies	101,106	2,324	145	2,469	103,575
Postage	11,430	1,225	1,985	3,210	14,640
Professional fees	124,707	53,412	85,939	139,351	264,058
Promotion and advertising	45,986	3,322	12,045	15,367	61,353
Provision for uncollectible promises to give	-	30,320	-	30,320	30,320
Rent	11,399	2,132	-	2,132	13,531
Repairs and maintenance	66,678	-	-	-	66,678
Security service	49,746	-	-	-	49,746
Travel and meetings	19,061	13,544	27,527	41,071	60,132
Utilities and telephone	59,578	3,844	641	4,485	64,063
	<u>\$ 2,301,686</u>	<u>\$ 578,237</u>	<u>\$ 425,394</u>	<u>\$ 1,003,631</u>	<u>\$ 3,305,317</u>

The accompanying notes are an integral part of this statement.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 28,538	\$ 33,313
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	179,081	157,594
Provision for uncollectible promises to give	22,461	(17,000)
Net unrealized and realized (gain) loss on investments	(356,389)	504,239
Loss on disposal of property and equipment	-	13,172
PPP loan forgiveness	-	(515,927)
(Increase) decrease in operating assets		
Unconditional promises to give, net	60,482	(24,559)
Grants receivable	(337,500)	9,635
Estate receivable	(5,272)	(34,287)
Educational materials for resale	4,666	25
Prepaid expenses	(26,297)	16,518
Other assets	-	11,515
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	24,062	23,749
Deferred revenue	(974)	4,747
Refundable advances	1,071,011	(59,619)
Net cash provided by operating activities	<u>663,869</u>	<u>123,115</u>
Cash flows from investing activities		
Purchase of property and equipment	(150,251)	(224,377)
Sale of investments	16,557	2,358
Net cash used by investing activities	<u>(133,694)</u>	<u>(222,019)</u>
Cash flows from financing activities		
Payments on line of credit	-	(100,000)
Borrowings on line of credit	150,000	-
Payments on long-term debt	(31,816)	(28,421)
Net cash (used) provided by financing activities	<u>118,184</u>	<u>(128,421)</u>
Net increase (decrease) in cash and cash equivalents	648,359	(227,325)
Cash at beginning of year	<u>1,405,393</u>	<u>1,632,718</u>
Cash at end of year	<u>\$ 2,053,752</u>	<u>\$ 1,405,393</u>
Supplemental disclosure of cash flow information		
Cash paid during the year		
Interest paid during the year	<u>\$ 36,230</u>	<u>\$ 43,222</u>
Noncash financing activities		
Forgiveness of Paycheck Protection Program Loans	<u>\$ -</u>	<u>\$ 515,927</u>

The accompanying notes are an integral part of these statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Florida Holocaust Museum, Inc. (the Museum, "FHM") and its affiliate, History, Heritage and Hope Foundation, Inc. (the Foundation, "HHH") (together, the Organization) honor the memory of millions of innocent men, women and children who suffered or died in the Holocaust. The Organization is dedicated to teaching members of all races and cultures to recognize the inherent worth and dignity of human life in order to prevent future genocides.

2. Principles of Combination

The accompanying combined financial statements include the activities of the Museum and the Foundation. All significant inter-organization accounts and transactions have been eliminated in combination.

3. Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Contributions and other inflows of assets that are neither restricted by donor-imposed stipulations or time restrictions. Net assets without donor restrictions include expendable funds available to support operations, as well as net assets invested in property and equipment, including construction in progress.

Net assets with donor restrictions - Contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that require that they be held in perpetuity or whose use may expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those donor stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the combined statements of activities as a satisfaction of program and time restrictions.

4. Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers all highly liquid investments, such as money market accounts to be cash equivalents. Cash held in investment accounts that is not intended for operating purposes is included in investments.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Concentration of Credit Risk

Cash is maintained at major financial institutions and, at times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation and potentially subject the Organization to credit losses. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

6. Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their estimated fair values in the combined statements of financial position. Investment return is reported in the combined statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

The Organization follows accounting guidance, which defines fair value and specifies a hierarchy of valuation techniques. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The Organization measures investments at fair value on a recurring basis.

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1: Unadjusted quoted market prices for identical assets in active markets which are accessible by the Organization.

Level 2: Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs based on the Organization's own judgement as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Organization evaluates the various types of financial assets to determine the appropriate classification within the fair value hierarchy based upon trading activity and the observability of market inputs. The Organization employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

While the Organization believes its valuation, methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the report date.

During the years ended June 30, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its statements of financial position or activities.

7. Unconditional Promises to Give

Unconditional promises to give are recorded in the year the promise is made. Conditional promises to give, that is those with both a measurable performance or other barrier and a right of return or release, are not recorded as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The carrying amount of unconditional promises to give is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected based on historical experience and an assessment of individual balances. Certain accounts are written off under the direct write-off method; other accounts are part of a reserve for doubtful accounts established based on management's review of individual donors. As of June 30, 2023, and 2022, the Organization has recorded a valuation allowance in the amount of \$182,661 and \$160,200, respectively.

8. Estate Receivable

The Organization has been named the beneficiary of future distributions from an estate. This estate receivable is recorded upon the Organization's interest becoming irrevocable and measurable.

9. Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The five-step method required for recognizing revenue from contracts with customers is as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

The Organization derives exchange revenue from admissions, memberships, and store sales. The Organization's products and services are marketed and sold to the Organization's visitors, members and prospective members.

Admissions: The Organization records revenue for museum admissions and performances when admission to the museum or performance occurs, net of any discounts or refunds. Tickets purchased for future dates are recorded as deferred revenue until the admission date has passed.

Memberships: The Organization records membership dues as deferred revenue when billed and recognizes membership dues as revenue over time as the member simultaneously receives and consumes the benefits of membership throughout the membership period. The timing of revenue recognition is based on a time-measure of progress as the Organization provides access to benefits evenly over the course of the membership period.

Store sales: The Organization records revenue from museum store sales at the time of the sale.

10. Contributions and Donor-Imposed Restrictions

Unconditional promises to give are recognized as contributions in the period received at their fair value. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when conditions on which they depend on are substantially met. Contributions other than cash are recorded at their estimated fair value on the date received.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increased in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions and are reported in the accompanying combined statements of activities as net assets released from restrictions.

11. Grants

The Organization earns revenue from federal, state, and others grants in the form of performance and expense reimbursement contracts. Support and revenue related to government and other grants is recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have other performance and/or control barriers that must be met to be entitled to the funds. For this reason, the Organization's grant revenues are considered to be conditional and revenue is recognized as funds are utilized for programmatic activities specified in the grant agreement. Amounts received, but not recognized as revenue, are classified in the statements of financial position as refundable advances.

12. Contributions In-Kind

The Organization receives various types of in-kind support including services, supplies and other tangible items. The Organization records the value of donated materials and services when there is an objective basis available to measure their value. Generally Accepted Accounting Principles require recognition of services received if those services create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation or discount. Contributions are considered to be available for unrestricted use, unless specifically restricted by the donor.

Donated materials and the value of contributed services meeting the requirements for recognition are reflected in the accompanying combined financial statements at their estimated fair values at date of receipt.

13. Educational Materials for Resale

Educational materials for resale are recorded at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Property and Equipment

Property and equipment are recorded at cost, if purchased, or estimated fair value, if contributed, less accumulated depreciation. The Organization's capitalization threshold is \$2,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the statements of activities. Construction in progress is not depreciated until put into service.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefore is subject to applicable regulations.

15. Impairment of Long-Lived Assets

The Organization evaluates the recoverability of its buildings, improvements and equipment whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at June 30, 2023 and 2022.

16. Advertising

The Organization expenses advertising costs as incurred. Advertising expense was approximately \$19,000 and \$37,000 for the years ended June 30, 2023 and 2022, respectively.

17. Collection Items

Collection items, which have been acquired through either purchase or contribution since the Organization's inception, are not recognized as assets on the combined statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year the items are acquired or as a decrease in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. The collections are subject to a policy that required proceeds from their deaccessions or insurance recoveries to be used to acquire other items from collections.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. Functional Allocation of Expenses

The cost of providing the various programs and other activities have been provided in the accompanying combined statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or service according to their natural classification. Salaries, payroll taxes and employee benefits may contain allocations based on time and effort. Travel and meetings, professional fees, office supplies, repairs and maintenance, rent, insurance, advertising and interest are charged directly to the program or service based on direct charges. Depreciation, utilities and telephone expenses are allocated based on square footage.

19. Tax Status

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state income taxes under similar provisions of the Florida Statutes and is classified as an educational institution under Section 509(a)(1). Income earned in furtherance of the Museum's tax-exempt purpose is exempt from federal and state income taxes. The Museum is not a private foundation.

The Foundation is organized to support the Museum. The Museum and the Foundation are financially interrelated. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC and from state income taxes under similar provisions of the Florida Statutes and has been determined not to be a private foundation. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying combined financial statements.

Management evaluated the Organization's tax positions and concluded that the Organization had no material uncertainties in income taxes as of June 30, 2023 and 2022. The Organization will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

The Organization is no longer subject to income tax examinations by the U.S. federal, state or local authorities for fiscal years before 2020.

20. Use of Estimates

The preparation of combined 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.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

21. Recently Adopted Accounting Pronouncement

The Organization adopted ASU 2016-02, *Leases (Topic 842)* effective July 1, 2022. Under Topic 842, a lessor records a lease as sales-type, direct-financing, or operating. A lease is a sales-type lease if any one of five criteria are met indicating that the lease effectively transfers control of the underlying asset to the lessee. If those five criteria are not met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee, the lease is a direct-financing lease. All leases that are not sales-type or direct-financing leases are operating leases. The Organization used a modified retrospective transition method with the effective date as the date of initial application. The Organization elected the practical expedient and Topic 842 had no effect to beginning net assets or statement of financial position accounts related to lessor accounting.

NOTE B - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures over the next 12 months at June 30,:

	<u>2023</u>	<u>2022</u>
Financial Assets at year-end		
Cash and cash equivalents	\$ 2,053,752	\$ 1,405,393
Unconditional promises to give	141,797	167,342
Grants receivable	337,500	-
Estate receivable	164,559	159,287
Unrestricted investments	<u>2,295,486</u>	<u>2,084,548</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 4,993,094</u>	<u>\$ 3,816,570</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in investments. The Organization's cash position is monitored by executive management to ensure sufficient funds are available to meet daily requirements. Daily requirements are based on the budget, contracts, payroll and invoice schedules.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE C - INVESTMENTS

Investments consist of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Investments		
Cash and cash equivalents	\$ 263,692	\$ 255,915
Equity mutual funds	2,563,569	2,251,460
Fixed income securities	623,294	609,197
Beneficial interests in assets held by foundations	<u>140,224</u>	<u>134,375</u>
 Total investments	 <u>\$ 3,590,779</u>	 <u>\$ 3,250,947</u>

The amounts classified as beneficial interests in assets held by foundations include amounts held by the Jewish Community Foundation of the Sarasota-Manatee Jewish Federation, Inc. (JCF), the Community Foundation of Tampa Bay, Inc. (CFT), and the Tampa, Orlando, Pinellas Jewish Foundation, Inc. (TOP). The beneficial interests in assets held by foundations are subject to agreements which grants variance power to the Community Foundations. Distributions from JCF, CFT or TOP are made as set forth in each agreement. Periodic changes in the value of the funds are recorded as investment return and are reflected as change in net assets with donor restrictions.

NOTE D - ENDOWMENT FUNDS

The Organization's endowment funds (Endowments) are funds restricted or designated for operating costs incurred while engaged in programs directly related to cultural and presentation materials honoring the memory of those who suffered or died in the Holocaust and to fund education and scholarships for students. The Endowments consist of cash and cash equivalents, equity mutual funds, fixed income securities, bond mutual fund, asset allocation mutual funds and beneficial interests in assets held by foundations. Income earned from the endowment funds are available for general or specific purposes and is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization. Income earned from the beneficial interests in assets held by the foundations is classified as net assets with donor restrictions.

Effective July 1, 2012, the State of Florida adopted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Boards of Directors has determined that contributions to the Museum's endowment funds are subject to donor intent, as well as the provisions of FUPMIFA. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - ENDOWMENT FUNDS - Continued

Absent explicit donor stipulations to the contrary, the Board of the Museum has interpreted FUPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Museum classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment to be held in perpetuity, (b) the original value of subsequent gifts to the endowment to be held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified as net assets with donor restriction related to the endowment to be held in perpetuity is classified as net assets with donor restriction until those amounts are apportioned for expenditures by the Museum in a manner consistent with the standard of prudence prescribed by that standard.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Donor desires and restrictions
- General economic conditions
- Possible effect of inflation and deflation
- Historical and expected total return from income and appreciation on investments
- Other resources of the Organization
- The investment policy of the Organization
- The preservation and protection of asset

1. Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets.

Under these policies, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to protect against loss associated with a single security, industry, issuer or event.

2. Strategies Employed for Achieving Objectives

To satisfy its long-term, rate of return objectives, the Organization relies on a total return strategy whereby investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - ENDOWMENT FUNDS - Continued

3. Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has an overall goal in the strategic plan to increase the endowments while maintaining the funding of education and scholarships and current operations at their current level. The Organization does not have a formal spending policy, however, most donor gift agreements provide for a spending rate maximum of 5%. The Organization has ensured spending requirements per donor agreements have been met. However, the funds have not been formally transferred from HHH to FHM. The funds have remained a part of the endowment to continue to appreciate. The Organization may appropriate a lesser amount should the total return of the investments be less than 5% or for other reasons where it would be prudent to appropriate a lesser amount to preserve the endowments. The amount of annual appropriation may also be impacted by donor restrictions, if any, on the use of investment earnings and appreciation.

Endowment net asset composition by type of fund is as follows as of June 30:

	<u>With Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
Donor-restricted endowment funds	<u>\$ 1,155,069</u>	<u>\$ 1,032,024</u>

Changes in endowment funds net assets for the years ended June 30, are as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of the year	\$ 1,032,024	\$ 1,303,336
Appropriated for expenditure	(4,154)	(89,581)
Contributions	-	286
Net appreciation (depreciation)	<u>127,199</u>	<u>(182,017)</u>
Endowment net assets, end of year	<u>\$ 1,155,069</u>	<u>\$ 1,032,024</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization does permit spending from underwater endowments. At June 30, 2023 and 2022, the Organization had no underwater endowments.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE E - FAIR VALUE MEASUREMENTS

The following table provides information about the Organization's financial assets measured at fair value on a recurring basis as of June 30,:

	2023			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents	\$ 263,692	\$ 263,692	\$ -	\$ -
Equity mutual funds	2,563,569	2,563,569	-	-
Fixed income securities	623,294	623,294	-	-
	<u>3,450,555</u>	<u>3,450,555</u>	<u>-</u>	<u>-</u>
Beneficial interests in assets held by foundations	140,224	-	-	140,224
	<u>140,224</u>	<u>-</u>	<u>-</u>	<u>140,224</u>
Total investments	<u>\$ 3,590,779</u>	<u>\$ 3,450,555</u>	<u>\$ -</u>	<u>\$ 140,224</u>
	2022			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents	\$ 255,915	\$ 255,915	\$ -	\$ -
Equity mutual funds	2,251,460	2,251,460	-	-
Fixed income securities	609,197	609,197	-	-
	<u>3,116,572</u>	<u>3,116,572</u>	<u>-</u>	<u>-</u>
Beneficial interests in assets held by foundations	134,375	-	-	134,375
	<u>134,375</u>	<u>-</u>	<u>-</u>	<u>134,375</u>
Total investments	<u>\$ 3,250,947</u>	<u>\$ 3,116,572</u>	<u>\$ -</u>	<u>\$ 134,375</u>

Investments classified as Level 1 in the fair value hierarchy include cash and cash equivalents, equity mutual funds, and fixed income securities which are measured at fair value based on quoted market prices on an active market. Investments classified as Level 2 in the fair value hierarchy include equity mutual funds, fixed income securities, bond mutual fund, and asset allocation mutual funds which are measured at fair value based on market prices provided by recognized broker dealers which are based on observable prices in active markets for similar assets, when available. If listed prices or quotes are not available, the fair value is based on externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Fair values for beneficial interests in assets held by foundations are classified as Level 3 and represent the fair value of the Organization's beneficial interests in assets held by community foundations and is based on the fair value of fund investments as reported by the community foundations.

The Organization had no transfers into or out of Level 3 assets or purchases or issues of Level 3 assets for the years ended June 30, 2023 and 2022.

NOTE F - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Due in		
Less than one year	\$ 141,797	\$ 167,342
One to five years	75,000	19,400
Thereafter	<u>180,000</u>	<u>267,600</u>
	396,797	454,342
Less		
Unamortized discount	(35,262)	(32,325)
Provision for uncollectible accounts	<u>(182,661)</u>	<u>(160,200)</u>
	<u>\$ 178,874</u>	<u>\$ 261,817</u>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 3.13%. As of June 30, 2023 and 2022, unconditional promises to give include \$3,600 and \$22,300, respectively, due from board members.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE G - PROPERTY AND EQUIPMENT

The cost accumulated depreciation of property and equipment are summarized as follows at June 30:

	Estimated Useful Lives (Years)	2023	2022
Building and improvements	7-39	\$ 3,792,904	\$ 3,792,904
Furniture and equipment	5-10	393,220	393,220
Teaching aids	2-5	135,343	134,744
Computer software	3-5	881,552	881,552
Land		874,884	874,884
Construction in progress		330,550	180,898
		<u>6,408,453</u>	<u>6,258,202</u>
Less accumulated depreciation		<u>(3,434,475)</u>	<u>(3,255,394)</u>
		<u>\$ 2,973,978</u>	<u>\$ 3,002,808</u>

Depreciation expense for the years ended June 30, 2023 and 2022, was approximately \$179,000 and \$158,000, respectively. Construction in progress as of June 30, 2023 and 2022, relates to the renovation of the Museum's security entrance. The total estimated project costs are approximately \$2.5 million. As of June 30, 2023, no outstanding construction commitments exist related to this project.

NOTE H - COLLECTIONS

The Museum's collections are made up of works of art and items that are held for public exhibition and educational purposes in furtherance of public services. During the year ended June 30, 2023, an authentic Danish Rescue Boat was donated to the Museum. During the year ended June 30, 2022 there were no significant collections donated to the Museum. There were no collection items that were deaccessioned for the years ended June 30, 2023 and 2022.

NOTE I - LONG-TERM DEBT

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, the Organization received a Small Business Administration (SBA) Paycheck Protection Plan (PPP) loan through Bank of Tampa for \$258,060 in April 2020. In April 2021, a second round of funding was made available and the Organization received a second SBA PPP loan through Bank of Tampa for \$256,767. Under the provisions of the CARES Act and related loans, these loans will be forgiven if certain conditions are met related to the use of the proceeds and maintenance of employment with the Organization employees. Both PPP loans were forgiven in full by the financial institution on July 2, 2021 and April 13, 2022, respectively and were recorded as PPP loan forgiveness in the accompanying statement of activities and changes in net assets as of June 30, 2022.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE I - LONG-TERM DEBT - Continued

On June 9, 2020, the Organization received a U.S. Small Business Administration Economic Injury Disaster loan in the amount of \$150,000 which is recorded in long-term debt as of June 30, 2023 and 2022, on the accompanying combined statements of financial position. The loan bears interest at 2.75% and matures on June 9, 2050. Payments are deferred thirty months from the date of the promissory note. At June 30, 2023 and 2022, \$147,905 and \$150,000, respectively, was outstanding under this loan.

During the year ended June 30, 2018, the Organization entered into a mortgage note payable with Bank of Tampa in the amount of \$792,000 to purchase a collections storage and preservation facility. The mortgage note payable is due in monthly installments of principal and interest of \$5,158; bears interest at 4.75%; matures on November 14, 2027; and is secured by real property and equipment, with a carrying value of \$847,874 as of June 30, 2023 and assignment of rent. At June 30, 2023 and 2022, \$649,707 and \$679,528, respectively, was outstanding under this note.

Future maturities of the long-term debt are as follows at June 30:

2024	\$	34,519
2025		36,231
2026		37,942
2027		39,736
2028		518,813
Thereafter		<u>130,371</u>
	\$	<u>797,612</u>

NOTE J - LINE OF CREDIT

The Museum has a line of credit with an available balance of \$250,000. The Museum may borrow on a secured basis at the bank's prime rate plus .25%, with a floor rate of 4% (8.5% and 5.0% at June 30, 2023 and 2022, respectively), subject to annual renewal. At June 30, 2023 and 2022, \$150,000 and \$-0-, respectively was outstanding on the line of credit. This line of credit is due on demand and is secured by the Museum's assets.

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose or passage of time		
Time restriction	\$ 178,874	\$ 261,817
Estate receivable	164,559	159,287
Security entrance	62,000	62,000
Community training center	<u>4,722</u>	<u>4,722</u>
	<u>410,155</u>	<u>487,826</u>
Endowment related		
Subject to endowment spending policy and appropriation		
Accumulated earnings on endowments held in perpetuity	<u>208,464</u>	<u>85,045</u>
Endowments held in perpetuity (corpus)		
Cultural Endowment Program Fund I	600,000	600,000
Perpetual endowment individual donor funds	<u>349,278</u>	<u>349,278</u>
	<u>949,278</u>	<u>949,278</u>
Total endowments	<u>1,157,742</u>	<u>1,034,323</u>
Beneficial interests in assets held by foundations		
Tampa, Orlando, Pinellas Jewish Foundation, Inc. (TOP)	21,958	21,167
Community Foundation of Tampa Bay	82,223	78,649
Sarasota Manatee Federation Foundation	<u>36,042</u>	<u>34,556</u>
	<u>140,223</u>	<u>134,372</u>
Total net assets with donor restrictions	<u>\$ 1,708,120</u>	<u>\$ 1,656,521</u>

The Cultural Endowment Program Fund I (Fund I) is comprised of state matching funds of \$240,000 and nonstate funds of \$360,000. The agreement related to these funds requires them to be invested in and account entitled or containing the title Cultural Endowment Program Fund, and at least \$600,000 must be maintained in that account.

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors totaled \$633,846 and \$235,875 for the years ended June 30, 2023 and 2022, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE L - COMMITMENTS AND CONTINGENCIES

1. Grantors

The Organization is subject to state audit to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures and repayment could be required. The effect of such adjustments, if any, cannot be determined at this time and no provision has been made for any such adjustments in the accompanying combined financial statements.

2. Leases

The Organization leases a portion of its operating facility to others under multiple operating leases which expire on various dates over the coming fiscal years. The leases do not transfer ownership of the leases assets and do not provide an option for lessees to purchase the assets. Lease income is included in the statement of activities as part of operating income. Cash receipts from operating leases are classified with cash flows from operating activities.

The following is an analysis of the carry amounts of the underlying assets related to operating leases at June 30, 2023:

Cost	\$ 1,083,323
Less: accumulated depreciation	<u>(216,691)</u>
Total cost, net	<u><u>\$ 866,632</u></u>

Approximate minimum future rentals to be received under these leases at June 30, 2023 are as follows:

<u>Year ending June 30,</u>	
2024	\$ 68,000
2025	41,000
2026	32,000
2027	<u>3,000</u>
Total minimum future rentals receivable	<u><u>\$ 144,000</u></u>

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE M - EMPLOYEE BENEFIT PLAN

Employees are eligible to participate in the Museum's 401(k) retirement plan once they have completed one year of service with a minimum of 1,000 hours and have attained age 21. The plan's participation entry date is the first of the quarter following eligibility. Participants receive full credit for service before the plan adoption. Participants may defer up to 20% of their eligible compensations. The Museum may make discretionary matching contributions up to 5% of participant deferred salary contributions.

Participants are automatically 100% vested in their deferred salary contributions and in the Museum's matching contributions.

Participants shall direct the allocation of their account balances among specified investments. The Museum's matching contribution was approximately \$17,000 and \$24,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to the combined statements of financial position date for potential recognition and disclosure through January 18, 2024, which is the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	<u>FHM</u>	<u>HHH</u>	<u>Eliminations</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 2,043,985	\$ 9,767	\$ -	\$ 2,053,752
Unconditional promises to give, net	178,874	-	-	178,874
Grants receivable	337,500	-	-	337,500
Estate receivable	164,559	-	-	164,559
Educational materials for resale	12,598	-	-	12,598
Prepaid expenses	68,460	-	-	68,460
Other assets	28,500	-	-	28,500
Investments, at fair value	2,864,348	3,472,514	(2,746,083)	3,590,779
Property and equipment, net	2,973,978	-	-	2,973,978
	<u>\$ 8,672,802</u>	<u>\$ 3,482,281</u>	<u>\$ (2,746,083)</u>	<u>\$ 9,409,000</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 170,709	\$ -	\$ -	\$ 170,709
Annuity obligations payable	-	1,213	-	1,213
Assets held for Museum	-	2,746,083	(2,746,083)	-
Deferred revenue - membership dues	18,234	-	-	18,234
Refundable advances	1,313,737	-	-	1,313,737
Line of credit	150,000	-	-	150,000
Long-term debt	797,612	-	-	797,612
Total liabilities	<u>2,450,292</u>	<u>2,747,296</u>	<u>(2,746,083)</u>	<u>2,451,505</u>
NET ASSETS				
Without donor restrictions	4,747,155	502,220	-	5,249,375
With donor restrictions	1,475,355	232,765	-	1,708,120
Total net assets	<u>6,222,510</u>	<u>734,985</u>	<u>-</u>	<u>6,957,495</u>
	<u>\$ 8,672,802</u>	<u>\$ 3,482,281</u>	<u>\$ (2,746,083)</u>	<u>\$ 9,409,000</u>

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2022

	FHM	HHH	Eliminations	Totals
ASSETS				
Cash and cash equivalents	\$ 1,397,040	\$ 8,353	\$ -	\$ 1,405,393
Unconditional promises to give, net	261,817	-	-	261,817
Estate receivable	159,287	-	-	159,287
Educational materials for resale	17,264	-	-	17,264
Prepaid expenses	42,163	-	-	42,163
Other assets	28,500	-	-	28,500
Investments, at fair value	2,802,964	3,137,741	(2,689,758)	3,250,947
Property and equipment, net	3,002,808	-	-	3,002,808
TOTAL ASSETS	<u>\$ 7,711,843</u>	<u>\$ 3,146,094</u>	<u>\$ (2,689,758)</u>	<u>\$ 8,168,179</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 146,647	\$ -	\$ -	\$ 146,647
Annuity obligations payable	-	1,213	-	1,213
Assets held for Museum	-	2,689,758	(2,689,758)	-
Deferred revenue - membership dues	19,208	-	-	19,208
Refundable advances	242,726	-	-	242,726
Line of credit	-	-	-	-
Long-term debt	829,428	-	-	829,428
Total liabilities	<u>1,238,009</u>	<u>2,690,971</u>	<u>(2,689,758)</u>	<u>1,239,222</u>
NET ASSETS				
Without donor restrictions	5,023,870	248,566	-	5,272,436
With donor restrictions	1,449,964	206,557	-	1,656,521
Total net assets	<u>6,473,834</u>	<u>455,123</u>	<u>-</u>	<u>6,928,957</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,711,843</u>	<u>\$ 3,146,094</u>	<u>\$ (2,689,758)</u>	<u>\$ 8,168,179</u>

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINING STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	<u>FHM</u>	<u>HHH</u>	<u>Eliminations</u>	<u>Totals</u>
Public support and revenues				
Admissions	\$ 263,584	\$ -	\$ -	\$ 263,584
Contributions-cash and unconditional promises to give	553,535	-	-	553,535
Contributions-in-kind	45,512	-	-	45,512
Special event revenue				
less direct benefits to donors of \$181,744	694,373	-	-	694,373
Grants	1,578,248	-	-	1,578,248
Investment return, net	75,456	280,933	-	356,389
Other income	71,026	-	-	71,026
Membership dues	38,024	-	-	38,024
Museum store sales, net of cost of sales of \$34,054	24,451	-	-	24,451
Total public support and revenue	<u>3,344,209</u>	<u>280,933</u>	<u>-</u>	<u>3,625,142</u>
Expenses				
Program services				
Museum operations	2,576,864	-	-	2,576,864
Supporting services				
Management and general	705,379	1,071	-	706,450
Fundraising	313,290	-	-	313,290
Total expenses	<u>3,595,533</u>	<u>1,071</u>	<u>-</u>	<u>3,596,604</u>
Change in net assets	(251,324)	279,862	-	28,538
Net assets at beginning of year	<u>6,473,834</u>	<u>455,123</u>	<u>-</u>	<u>6,928,957</u>
Net assets at end of year	<u>\$ 6,222,510</u>	<u>\$ 734,985</u>	<u>\$ -</u>	<u>\$ 6,957,495</u>

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

COMBINING STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	FHM	HHH	Eliminations	Totals
Public support and revenues				
Admissions	\$ 239,887	\$ -	\$ -	\$ 239,887
Contributions-cash and unconditional promises to give	503,027	-	-	503,027
Contributions-in-kind	56,550	-	-	56,550
Special event revenue				
less direct benefits to donors of \$9,991	650,137	-	-	650,137
Grants	1,779,801	-	-	1,779,801
Investment return, net	(58,775)	(445,464)	-	(504,239)
PPP loan forgiveness	515,927			
Other income	64,928	-	-	64,928
Loss on disposal assets	(13,172)			
Membership dues	37,111	-	-	37,111
Museum store sales, net of cost of sales of \$7,565	8,673	-	-	8,673
Total public support and revenue	<u>3,784,094</u>	<u>(445,464)</u>	<u>-</u>	<u>2,835,875</u>
Expenses				
Program services				
Museum operations	2,301,686	-	-	2,301,686
Supporting services				
Management and general	576,936	1,301	-	578,237
Fundraising	425,394	-	-	425,394
Total expenses	<u>3,304,016</u>	<u>1,301</u>	<u>-</u>	<u>3,305,317</u>
Change in net assets	480,078	(446,765)	-	(469,442)
Net assets at beginning of year	<u>5,993,756</u>	<u>901,888</u>	<u>-</u>	<u>6,895,644</u>
Net assets at end of year	<u>\$ 6,473,834</u>	<u>\$ 455,123</u>	<u>\$ -</u>	<u>\$ 6,426,202</u>

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2023

State Grantor/Pass-Through Grantor/Project Title	CSFA Number	Contract/Grant Number(s)	Total State Expenditures	Provided to Subrecipients
Department of State and Secretary of State				
Florida Holocaust Museum	45.066	23.c.II.900.801	\$ 750,000	\$ -
Department of Education				
School and Instructional Enhancement Programs	48.040	806-90070-3Q001	600,000	-
Total expenditures of state financial assistance			\$ 1,350,000	\$ -

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance projects of activity of the Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc. under programs of the State of Florida for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C - CONTINGENCIES

Grant expenditures are subject to audit and adjustment. If any expenditure were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Florida Holocaust Museum, Inc. In the opinion of management, all grant expenditures included on the accompanying schedule are in compliance with the terms of the grant agreements and applicable state laws and regulations.

NOTE D - SUBRECIPIENTS

There was no state financial assistance passed through to subrecipients by the Organization.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Florida Holocaust Museum, Inc.
History, Heritage and Hope Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc. (collectively, the "Organization"), which comprise the combined statement of financial position as of June 30, 2023 and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Benicio, Gordinier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
January 18, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER
10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Florida Holocaust Museum, Inc.
History, Heritage and Hope Foundation, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Service's State Projects Compliance Supplement that could have a direct and material effect on each of Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.'s major state projects for the year ended June 30, 2023. The Organization's major state projects are identified in the summary of Auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

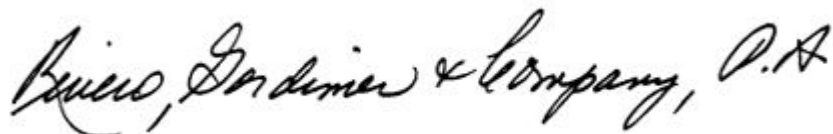
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida
January 18, 2024

Handwritten signature in cursive script that reads "Bueco, Gardner & Company, P.A."

Florida Holocaust Museum, Inc. and History, Heritage and Hope Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>	
Internal control over financial reporting		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

State Financial Assistance

Internal control over major projects		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major projects	<u>Unmodified</u>	

Identification of Major State Projects:

<u>CSFA Number(s)</u>	<u>Name of Project</u>
45.066	Florida Holocaust Museum
48.040	School and Instructional Enhancement Programs

Dollar threshold used to distinguish between type A and type B projects	<u>\$ 405,000</u>
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Section II - Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III - Findings and Questioned Costs - Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*.

Other Issues

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).
- b) A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.)