

# Financial Statements and Independent Auditor's Report

**Dallas Holocaust and Human Rights Museum**

For the years ended December 31, 2023 and 2022



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DALLAS HOLOCAUST  
AND  
HUMAN RIGHTS MUSUEM

DECEMBER 31, 2023 AND 2022

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**LANE GORMAN TRUBITT, LLC**  
Accountants & Advisors

## **Independent Auditor’s Report**

Board of Directors  
Dallas Holocaust and Human Rights Museum

### **Opinion**

We have audited the accompanying financial statements of the Dallas Holocaust and Human Rights Museum (the “Museum”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating the Dallas Holocaust and Human Rights Museum Endowment Foundation, Inc. (the “Endowment Foundation”), as discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Museum as of December 31, 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 Qualified Opinion**

As discussed in the notes to the financial statements, under accounting principles generally accepted in the United States of America, the Museum is deemed to have a controlling financial interest and economic interest in the Endowment Foundation. In our opinion, under accounting principles generally accepted in the United States of America, there is a presumption that consolidated financial statements provide for a more meaningful presentation of results of operations and financial position. The accompanying financial statements, however, are not consolidated with the Endowment Foundation due to management’s desire to report the operations of the Museum on a stand-alone basis. Although not included in the accompanying financial statements, separate audited consolidated financial statements of the Museum and the Endowment Foundation have been prepared.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum'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.

**LANE GORMAN TRUBITT, LLC**

Dallas, Texas  
May 29, 2024

Dallas Holocaust and Human Rights Museum  
STATEMENTS OF FINANCIAL POSITION  
December 31,

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,797,981	\$ 3,038,034
Other receivables	382,315	379,872
Inventory, net	102,059	70,321
Prepaid expenses	265,892	228,649
Pledges receivable, net	2,846,248	3,674,226
Property and equipment, net	45,536,247	49,079,842
Investments unrelated to endowments	5,636,842	3,681,108
Assets held by the Endowment Foundation	12,364	-
Total assets	\$ 56,579,948	\$ 60,152,052
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 305,980	\$ 409,723
Deferred memberships	76,947	45,564
Assets held for the Endowment Foundation	-	39,999
Lines of credit	-	94,589
Total liabilities	382,927	589,875
<b>NET ASSETS</b>		
Without donor restrictions	51,173,265	53,580,400
With donor restrictions	5,023,756	5,981,777
Total net assets	56,197,021	59,562,177
Total liabilities and net assets	\$ 56,579,948	\$ 60,152,052

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

Dallas Holocaust and Human Rights Museum  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year ended December 31, 2023  
(with comparative totals for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>REVENUES AND OTHER SUPPORT</b>				
Admission fees	\$ 861,498	\$ -	\$ 861,498	\$ 811,456
Memberships	767,336	-	767,336	810,666
Upstander Partnership fees	10,000	-	10,000	26,200
Program service fees and museum store sales, net	238,533	-	238,533	167,825
Parking lot revenue, net	205,551	-	205,551	172,413
Contributions	1,337,911	1,151,486	2,489,397	2,144,288
In-kind contributions	115,180	-	115,180	40,796
Special event revenues, net of cost of direct benefits to donors	1,800,738	-	1,800,738	1,262,136
Endowment grants for operations	197,363	181,525	378,888	265,824
Endowment Fund management fee	23,050	-	23,050	20,000
Investment income, net	269,341	-	269,341	20,507
Net assets released from restrictions	<u>2,291,032</u>	<u>(2,291,032)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>8,117,533</u>	<u>(958,021)</u>	<u>7,159,512</u>	<u>5,742,111</u>
<b>EXPENSES</b>				
Education	7,974,581	-	7,974,581	7,564,083
Fundraising	1,046,667	-	1,046,667	1,030,523
Administrative	<u>1,503,420</u>	<u>-</u>	<u>1,503,420</u>	<u>1,510,493</u>
Total expenses	<u>10,524,668</u>	<u>-</u>	<u>10,524,668</u>	<u>10,105,099</u>
<b>CHANGE IN NET ASSETS</b>	(2,407,135)	(958,021)	(3,365,156)	(4,362,988)
Net assets, beginning of year	53,580,400	5,981,777	59,562,177	66,103,833
Transfer of net assets to the Endowment Foundation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,178,668)</u>
Net assets, end of year	<u>\$ 51,173,265</u>	<u>\$ 5,023,756</u>	<u>\$ 56,197,021</u>	<u>\$ 59,562,177</u>

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

Dallas Holocaust and Human Rights Museum  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>REVENUES AND OTHER SUPPORT</b>			
Admission fees	\$ 811,456	\$ -	\$ 811,456
Memberships	810,666	-	810,666
Upstander Partnership fees	26,200	-	26,200
Program service fees and museum store sales, net	167,825	-	167,825
Parking lot revenue, net	172,413	-	172,413
Contributions	1,055,532	1,088,756	2,144,288
In-kind contributions	40,796	-	40,796
Special event revenues, net of cost of direct benefits to donors	1,262,136	-	1,262,136
Endowment grants for operations	105,291	160,533	265,824
Endowment Fund management fee	20,000	-	20,000
Investment income, net	20,507	-	20,507
Net assets released from restrictions	3,362,267	(3,362,267)	-
Total revenues and other support	7,855,089	(2,112,978)	5,742,111
<b>EXPENSES</b>			
Education	7,564,083	-	7,564,083
Fundraising	1,030,523	-	1,030,523
Administrative	1,510,493	-	1,510,493
Total expenses	10,105,099	-	10,105,099
<b>CHANGE IN NET ASSETS</b>			
	(2,250,010)	(2,112,978)	(4,362,988)
Net assets, beginning of year	58,009,078	8,094,755	66,103,833
Transfer of net assets to the Endowment Foundation	(2,178,668)	-	(2,178,668)
Net assets, end of year	\$ 53,580,400	\$ 5,981,777	\$ 59,562,177

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

Dallas Holocaust and Human Rights Museum  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended December 31, 2023

	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Salaries and benefits	\$ 2,378,666	\$ 635,274	\$ 905,335	\$ 3,919,275
Advertising and publicity	426,050	24,553	-	450,603
Facility and occupancy	878,298	18,991	29,010	926,299
Education, exhibits and programs	691,303	500	-	691,803
Professional fees	-	97,399	83,965	181,364
Travel meals and entertainment	13,496	58,889	34,292	106,677
Office expenses	147	73,166	32,475	105,788
Information technology	140,861	46,220	51,178	238,259
Cost of goods sold	79,371	-	64,940	144,311
Cost of direct benefits to donors	-	411,185	-	411,185
Depreciation	3,329,231	79,922	238,572	3,647,725
Interest expense	-	-	1,847	1,847
Other	116,529	11,753	126,746	255,028
Total functional expenses	<u>8,053,952</u>	<u>1,457,852</u>	<u>1,568,360</u>	<u>11,080,164</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Cost of goods sold	(79,371)	-	(64,940)	(144,311)
Cost of direct benefits to donors	-	(411,185)	-	(411,185)
Total expenses	<u>\$ 7,974,581</u>	<u>\$ 1,046,667</u>	<u>\$ 1,503,420</u>	<u>\$ 10,524,668</u>

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

Dallas Holocaust and Human Rights Museum  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended December 31, 2022

	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Salaries and benefits	\$ 2,180,345	\$ 609,180	\$ 826,979	\$ 3,616,504
Advertising and publicity	348,464	10,925	-	359,389
Facility and occupancy	860,043	17,389	27,070	904,502
Education, exhibits and programs	440,685	-	-	440,685
Professional fees	4,440	145,387	145,295	295,122
Travel meals and entertainment	26,403	42,143	28,761	97,307
Office expenses	2,028	47,575	22,952	72,555
Information technology	194,248	65,065	69,801	329,114
Cost of goods sold	68,017	-	55,651	123,668
Cost of direct benefits to donors	-	258,633	-	258,633
Depreciation	3,406,215	81,503	243,927	3,731,645
Interest expense	-	-	4,111	4,111
Other	101,212	11,356	141,597	254,165
Total functional expenses	<u>7,632,100</u>	<u>1,289,156</u>	<u>1,566,144</u>	<u>10,487,400</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Cost of goods sold	(68,017)	-	(55,651)	(123,668)
Cost of direct benefits to donors	-	(258,633)	-	(258,633)
Total expenses	<u>\$ 7,564,083</u>	<u>\$ 1,030,523</u>	<u>\$ 1,510,493</u>	<u>\$ 10,105,099</u>

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

Dallas Holocaust and Human Rights Museum  
STATEMENTS OF CASH FLOWS  
Years ended December 31,

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,365,156)	\$ (4,362,988)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,647,725	3,731,645
Inventory reserve	17,881	15,499
Provision for credit losses	13,072	32,457
Net realized and unrealized (gains) losses on investments	(6,331)	16,817
Changes in operating assets and liabilities, net:		
Other receivables	(15,515)	486,559
Inventory	(49,619)	(41,707)
Prepaid expenses	(37,243)	(1,990)
Pledges receivable	827,978	1,640,212
Assets held by the Endowment Foundation	(12,364)	-
Accounts payable and accrued expenses	(103,743)	156,045
Deferred memberships	31,383	9,749
Assets held for the Endowment Foundation	(39,999)	(120,294)
Net cash provided by operating activities	908,069	1,562,004
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments and reinvestment of interest and dividends	(3,708,610)	(3,692,511)
Proceeds from sales and maturities of investments	1,759,207	-
Purchases of property and equipment	(104,130)	(151,422)
Net cash used in investing activities	(2,053,533)	(3,843,933)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on lines of credit	(94,589)	-
Transfer of assets to the Endowment Foundation	-	(2,178,668)
Net cash used in financing activities	(94,589)	(2,178,668)
Net decrease in cash and cash equivalents	(1,240,053)	(4,460,597)
Cash and cash equivalents at beginning of year	3,038,034	7,498,631
Cash and cash equivalents at end of year	\$ 1,797,981	\$ 3,038,034
<b>Supplemental cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 1,847	\$ 4,111

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

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

NATURE OF BUSINESS

The Dallas Holocaust and Human Rights Museum (the “Museum”) is a non-profit Texas Corporation. The Museum’s mission is to teach the history of the Holocaust and advance human rights to combat prejudice, hatred, and indifference. The Museum’s education program consists primarily of the following activities:

*Student Activities:* Provides educational activities for students such as guest lecturers, tours of the Museum and volunteerism.

*Professional Education:* Provides continuing education for Texas, Louisiana, and Oklahoma teachers. The Museum is certified by the Texas Education Agency to provide workshops designed to prepare educators to teach their students the history of the Holocaust as well as the cultural effects of the Holocaust.

*Community Education:* Provides a variety of educational opportunities through multi-media exhibitions, guest speakers, films, classes, civil discourse, and other programs.

The Dallas Holocaust and Human Rights Museum Endowment Foundation, Inc. (the “Endowment Foundation”), a Texas non-profit corporation, is operated exclusively to support and benefit the Museum. The Museum transferred \$0 and \$2,178,668 of assets to the Endowment Foundation during 2023 and 2022, respectively.

Under accounting principles generally accepted in the United States of America (“U.S. GAAP”), based on certain facts described below, the Museum is deemed to have a controlling financial interest and economic interest in the Endowment Foundation. Under U.S. GAAP, there is a presumption that consolidated financial statements provide for a more meaningful presentation of results of operations and financial position. The accompanying financial statements, however, are not consolidated with the Endowment Foundation due to management’s desire to report the operations of the Museum on a stand-alone basis. Although not included in the accompanying financial statements, separate audited consolidated financial statements of the Museum and the Endowment Foundation have been prepared. As of December 31, 2023 and 2022, the Endowment Foundation held net assets of \$12,851,881 and \$10,419,990, respectively, which, subject to limitations in its Certificate of Formation, are held for the support of the Museum.

The independent auditor audited the consolidated financial statements and the related notes to the consolidated financial statements (the “Consolidated Statements”) of the Museum and the Endowment Foundation as of and for the years ended December 31, 2023 and 2022, and expressed their opinion that the Consolidated Statements are in conformity with accounting principles generally accepted in the United States of America. Utilizing amounts included in the Consolidated Statements, management of the Museum has prepared the accompanying unconsolidated financial statements of the Museum as of and for the years ended December 31, 2023 and 2022. The independent auditors are unable to express an opinion that the unconsolidated financial statements are in conformity with accounting principles generally accepted in the United States of America solely because they do not consolidate the Endowment Foundation.

Under accounting principles generally accepted in the United States of America, consolidation is required because the purpose of the Endowment Foundation is to support the Museum and because of the five directors of the Endowment Foundation, three must be officers or directors of the Museum. The Certificate of Formation of the Endowment Foundation provides that no assets of the Endowment Foundation may be used to pay or enable the Museum to pay any unagreed judgment against the Museum, and the Endowment Foundation is not required by its governing documents or any other agreement to make grants, distributions, or other payments to the Museum. Although not included in the accompanying financial statements, the independent auditors audited the separate financial statements and the related notes to the financial statements of the Endowment Foundation as of and for the years ended December 31, 2023 and 2022, and expressed their opinion that those financial statements are in conformity with accounting principles generally accepted in the United States of America.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied by the Museum in the preparation of the accompanying financial statements is as follows:

Newly Adopted Accounting Pronouncement

On January 1, 2023, the Museum adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This pronouncement changed the impairment model for most financial assets requiring the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected of the financial asset. Expected credit losses are measured based on historical experience and current conditions, as well as forecasts of future conditions that affect the collectability of the reported amount. The Museum’s calculation of the allowance for credit losses was modified to comply with these new requirements. The Museum adopted this new standard using a modified retrospective method which did not have a material impact on the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation and Revenue Recognition

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Grants or contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the grant or contribution is recognized.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of the Museum and/or the passage of time. Other donor-imposed stipulations are permanent in nature, where the donor stipulates that resources be maintained in perpetuity by the Museum. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash and historical artifacts are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Accretion of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management’s judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Revenue Recognition (Continued)

The Museum reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Museum has multiple revenue streams that are accounted for as exchange transactions including admission fees, memberships, program service fees, store sales and parking lot revenues. Because the Museum's performance obligations relate to contracts with a duration of less than one year, the Museum has elected to apply the optional exemption provided in FASB Accounting Standards Codification ("ASC") 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Revenues are recorded net of any sales taxes charged to customers.

*Admission fees* - the Museum charges stated admission fees, collects, and recognizes revenue upon sale for access to the Museum's galleries, exhibitions, and theaters.

*Memberships* - the Museum sells memberships of various categories that typically last for a one-year term. Membership dues are comprised of an exchange element based upon the benefits provided to a member and a contribution element for the portion of the membership dues received in excess of the member benefits. The Museum recognizes membership revenue ratably over the membership term. Payment is received at the point of membership sale. The Museum recognizes contract liabilities (deferred memberships), which consist of unearned revenue for amounts billed or collected in advance of the service being rendered to the member.

*Other* - revenues from programs services and store sales are recognized at a point in time upon sale to the customer. The Museum collects cash at point of sale or credit card receipts within a few days of the sale. A parking management company collects and remits parking lot revenue to the Museum on a monthly basis. The Museum accrues parking lot revenues monthly from reports received from the parking management company and are based on the date the related service is provided.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The Museum maintains its cash and cash equivalents with financial institutions located in Dallas, Texas, which, at times, may exceed federally insured limits. The Museum has not incurred any losses in these accounts and does not believe that it is exposed to any significant credit risk on cash and cash equivalents.

Other Receivables

Other receivables represent unsecured contractual amounts due in the ordinary course of business and are stated at the amount management expects to collect. The Museum considers other receivables to be fully collectible based on its assessment of the current status of individual accounts, past transaction history, current economic industry trends, and forecasted economic conditions; accordingly there was no reserve recorded for other receivables at December 31, 2023 and 2022. It is the Museum's policy to charge off uncollectible receivables when management determines the receivables will not be collected. If receivables are determined to be delinquent or become uncollectible, they will be charged to operations at that time. In the event of complete nonperformance, the maximum exposure to the Museum is the outstanding receivable balance at the date of nonperformance.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statements of activities and changes in net assets in the period in which it occurs. Inventory is stated net of a reserve of \$17,881 and \$15,499 as of December 31, 2023 and 2022, respectively.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional contributions and promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any.

Based on the Museum's experience of finalizing agreements with donors, oral promises that are yet to be finalized through written agreements are considered intentions to give and are not recorded until the agreement is signed since the amount and terms are not definitive or estimable and may change through this process.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Pledges receivable expected to be collected within one year are recorded at estimated net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value, at an appropriate discount rate (ranging from 0.13% to 2.88%) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Museum determines the allowance for uncollectible pledges receivable based on historical experience and changes in donor circumstances. Amounts will be written off if, and when, they are deemed uncollectible.

Museum Artifacts

The Museum has a collection of historical artifacts that it protects and preserves. The collection provides a foundation for exhibitions, research, and educational public programming dedicated to teaching the history of the holocaust and advancing human rights to combat prejudice, hatred, and intolerance. The Museum has an archivist to ensure the collection is protected and preserved and a detailed Collections Management Policy, which governs the stewardship of these collections.

The Museum accounts for historical artifacts as collection items if they meet the definition of a collection according to the criteria for recognition under FASB ASC 958-360-25-3, *Not-for-Profit Entities—Property, Plant, and Equipment*. The criteria state that to be a collection the assets are (a) held for public exhibition, (b) protected and preserved, and (c) are subject to an organizational policy that requires the proceeds from the sale of historical artifacts to be used to acquire other items for collections absent any donor-imposed restrictions. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

The Museum has a policy of not capitalizing the collection of historic artifacts in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets without donor restrictions in the period when purchased. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. There were 25 and 32 additions of individual objects to the collection during the years ended December 31, 2023 and 2022, respectively, through gifts, transfers, or purchases. The Museum did not purchase or expense individual objects during the years ended December 31, 2023 and 2022. There were 0 and 9 deaccessions during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Museum has approximately \$1,124,000 and \$1,115,000 respectively, of donated artifacts that have not been recorded in the accompanying financial statements.

Property and Equipment

Property and equipment are carried at cost as of the date of acquisition or fair value as of the date of donation, less accumulated depreciation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets over their estimated useful lives on the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recognized in the statements of activities and changes in net assets. Costs of betterments and improvements are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. The Museum expenses repairs and maintenance and all property and equipment under \$2,500.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in equity securities with readily determinable fair values, and all investments in debt securities are measured at fair value. Fair values are based on quoted market prices, if available, or the best estimate of fair value determined by the Museum. Investment transactions are recorded on the trade date. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or fair values as of the end of the financial statement period by using the specific identification method.

Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends less management fees) is included in the determination of changes in net assets and is reported as revenues and other support in the accompanying statements of activities and changes in net assets. Interest income is recognized on the accrual basis and dividends are recognized on the ex-dividend date.

Investments are exposed to various risks, such as interest rate, credit, active management, and overall market volatility risks. Market risks include global events, which could impact the value of investments, such as a pandemic or international conflict. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Market conditions have resulted in an unusually high degree of volatility and increased the risk and may affect the short-term liquidity associated with certain investments held by the Museum which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

Income Taxes

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except to the extent it has unrelated business income. In addition, the Museum has been classified as a public charity under the Code. Should the Museum engage in activities unrelated to the purpose for which it was created, taxable income could result.

The Museum recorded no income tax expense, as there was no taxable unrelated business income for the years ended December 31, 2023 and 2022. The Museum believes it has taken no significant uncertain tax positions.

U.S. GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Museum's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. The Museum is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding the uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Museum recognizes interest and penalties, if any, related to uncertain tax positions as administrative expenses. The Museum's informational returns are generally subject to examination for three years after the later of the due date or date of filing.

Advertising Costs

The Museum expenses all advertising costs as incurred. Total advertising and publicity expense was \$450,602 and \$359,389 for the years ended December 31, 2023 and 2022, respectively.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Goods and Services

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

A substantial number of unpaid volunteers and board members have made significant contributions of their time to the Museum in developing programs, attending fundraising events and assisting in program administration. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria discussed above.

Contributed services and materials for the Museum's programs and administration included in in-kind contributions in the accompanying statements of activities and changes in net assets are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Donated marketing, public relations, and advertising	\$ 17,141	\$ 10,649
Donated airline miles	50,000	-
Other donated goods and services	<u>48,039</u>	<u>30,147</u>
	<u>\$ 115,180</u>	<u>\$ 40,796</u>

These contributions did not have donor-imposed restrictions. The Museum used these nonfinancial contributions as part of their education program and fundraising activities during fiscal years ended December 31, 2023 and 2022. Any services that meet the criteria for recognition under U.S. GAAP are recorded in the accompanying statements of activities and changes in net assets at the estimated fair value of the services received.

Compensated Absences

Employees of the Museum receive paid vacation, depending on length of service and other factors. Compensated time off is accrued based on actual days not utilized subject to a maximum carryover as outlined in the employee manual. The estimate of this liability is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Certain costs are jointly shared by education, fundraising, and administrative functions and, accordingly, certain expenses have been allocated among the programs and supporting services benefited based on management's estimates.

Expenses are recorded as attributable to either education or supporting services whenever possible. However, certain categories of expenditures are attributable to more than one function and therefore require allocation on a reasonable basis that is consistently applied. These expenditures are allocated on the basis of estimates of time and effort estimates made by the Museum's management.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2023	2022
Gifts related to capital campaign	\$ 2,354,923	\$ 3,247,025
Other restricted and unrestricted gifts	491,325	427,201
Net unconditional promises to give	\$ 2,846,248	\$ 3,674,226

The expected maturities of pledges receivables are as follows at December 31:

	2023	2022
Capital campaign pledges due within one year	\$ 882,932	\$ 1,255,024
Other pledges due within one year	506,325	442,201
Capital campaign pledges due within one to five years	1,549,938	2,031,523
Other pledges due within one to five years	-	-
Capital campaign pledges due after five years	365,000	470,000
Total before discount and allowance for doubtful pledges	3,304,195	4,198,748
Less: present value discount	(167,473)	(214,583)
Less: allowance for doubtful capital campaign pledges	(275,474)	(294,939)
Less: allowance for doubtful other pledges	(15,000)	(15,000)
Pledges receivable, net	\$ 2,846,248	\$ 3,674,226

Pledges are discounted based on management's evaluation of risks associated with individual pledges and current risk-free interest rates at the time the pledge was made.

3. LIQUIDITY AND AVAILABILITY

As of December 31, 2023, the following financial assets could readily be made available within one year to meet general expenditures:

Cash and cash equivalents, net of \$636,948 subject to donor restriction and board designation	\$ 4,843,587
U.S. treasury notes and bills	1,886,835
Other receivables	382,315
Pledges receivable for general operations due in one year	491,325
Total	\$ 7,604,062

As of December 31, 2022, the following financial assets could readily be made available within one year to meet general expenditures:

Cash and cash equivalents, net of \$1,154,152 subject to donor restriction and board designation	\$ 1,883,882
U.S. treasury notes and bills	3,639,945
Other receivables	379,872
Pledges receivable for general operations due in one year	427,201
Total	\$ 6,330,900

The Museum regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Museum has a goal to maintain financial assets to meet 180 days of normal operating expenses, which equates to approximately \$3.4 million. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, pledges receivable, and a line of credit. As part of its liquidity management, the Museum invests cash in excess of immediate requirements in a money market account and treasury notes and bills, which mature in 3-month tranches. In addition, the Museum has a \$250,000 revolving line of credit that is available in the event of an unexpected liquidity event, see Note 7.

In addition to financial assets available to meet general expenditures over the next 12 months, the Museum anticipates collecting sufficient revenue and support to cover general expenditures not covered by donor-restricted resources, including funds that may come available from the Endowment Foundation.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY (Continued)

The Museum does not intend to spend from its board designated funds other than amounts appropriated for expenditure as part of the annual budget process approval; however, amounts from its board designated funds could be made available, if necessary.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Estimated Lives</u>	<u>2023</u>	<u>2022</u>
Furniture and equipment	3 - 20 years	\$ 1,520,594	\$ 1,630,433
Books	17 years	25,098	25,098
Building and improvements	10 - 20 years	53,696,011	53,663,382
Total depreciable property and equipment		55,241,703	55,318,913
Less accumulated depreciation		<u>(16,075,494)</u>	<u>(12,609,109)</u>
Net depreciable property and equipment		39,166,209	42,709,804
Land		<u>6,370,038</u>	<u>6,370,038</u>
Property and equipment, net		<u>\$ 45,536,247</u>	<u>\$ 49,079,842</u>

Depreciation expense for the years ended December 31, 2023 and 2022, was \$3,647,725 and \$3,731,645, respectively.

5. TRANSFER OF NET ASSETS TO THE ENDOWMENT FOUNDATION

During 2023 and 2022, the Museum transferred \$0 and \$2,178,668, respectively, to the Endowment Foundation. The Endowment Foundation manages the investments for the Museum's various endowment funds. Investments and assets held and invested by the Endowment Foundation are for the benefit of the Museum subject to certain limitations as stated in the Endowment Foundation's articles of incorporation and bylaws. The transfer of assets to the Endowment Foundation is reported as a transfer of net assets to the Endowment Foundation on the statements of activities and changes in net assets. Net asset classification for this transaction reflects any donor-imposed restrictions on the underlying net assets.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

U.S. GAAP 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 for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The Museum bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Museum's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis consist of (i) money market funds, (ii) mutual funds, (iii) U.S. treasury notes and bills and (iv) long-term investment bonds. Money market funds and mutual funds are valued at the quoted net asset value of shares held by the Museum at year-end. U.S. treasury notes and bills are valued at quoted market prices. Long-term investment bonds are carried at cost, which approximates fair value. There have been no changes in valuation methodologies used at December 31, 2023 and 2022. The Museum maintains a portfolio that mitigates market risks inherent with investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the changes in the Museum's investments at fair value as of and for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,681,108	\$ 5,414
Additional investments	3,708,610	3,692,511
Proceeds from maturity of investment	(1,759,207)	-
Net realized and unrealized gains (loss) on investments	<u>6,331</u>	<u>(16,817)</u>
Balance, end of year	<u>\$ 5,636,842</u>	<u>\$ 3,681,108</u>

Investment balances are reflected on the statements of financial position at December 31, as:

	<u>2023</u>	<u>2022</u>
Investments unrelated to endowments	<u>\$ 5,636,842</u>	<u>\$ 3,681,108</u>

Investment income consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Net realized and unrealized gains (loss) on investments	\$ 6,331	\$ (16,817)
Interest and dividends, net of fees	<u>263,010</u>	<u>37,324</u>
	<u>\$ 269,341</u>	<u>\$ 20,507</u>

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes the carrying amounts and estimated fair values by level of the Museum's financial instruments measured at fair value in the statement of financial position as of December 31, 2023:

	Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Long-term investment bond	\$ 150	\$ -	\$ 150	\$ -
Money market fund	3,682,554	3,682,554	-	-
U.S. treasury notes and bills	1,886,835	1,886,835	-	-
Restricted investments for deferred compensation:				
Money market fund	1,355	1,355	-	-
Mutual funds – equity	38,029	38,029	-	-
Mutual funds – fixed income	27,919	27,919	-	-
Total restricted investments for deferred compensation	<u>67,303</u>	<u>67,303</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,636,842</u>	<u>\$ 5,636,692</u>	<u>\$ 150</u>	<u>\$ -</u>

The following table summarizes the carrying amounts and estimated fair values by level of the Museum's financial instruments measured at fair value in the statement of financial position as of December 31, 2022:

	Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Long-term investment bond	\$ 10,000	\$ -	\$ 10,000	\$ -
Money market fund	3,973	3,973	-	-
U.S. treasury notes and bills	3,635,973	3,635,973	-	-
Restricted investments for deferred compensation:				
Money market fund	624	624	-	-
Mutual funds – equity	17,860	17,860	-	-
Mutual funds – fixed income	12,678	12,678	-	-
Total restricted investments for deferred compensation	<u>31,162</u>	<u>31,162</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,681,108</u>	<u>\$ 3,671,108</u>	<u>\$ 10,000</u>	<u>\$ -</u>

Investments are exposed to various risks, such as interest rate, credit, active management, and overall market volatility risks. Market risks include global events, which could impact the value of investments, such as a pandemic or international conflict. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

In general, there are no restrictions as to redemptions of the investment securities, nor does the Museum have any contractual obligations to further invest in the financial instruments.

7. LINES OF CREDIT

The Museum has a revolving line of credit agreement with a bank. The line of credit has a maximum commitment of \$250,000 and accrues interest at the bank's prime rate (8.50% and 5.50% at December 31, 2023 and 2022, respectively). The line of credit matured September 3, 2023, and was renewed through September 2024. The principal balance on the line of credit is payable at maturity with interest paid monthly. As of December 31, 2023 and 2022, no amounts were outstanding on the line of credit. The line of credit is unsecured.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

7. LINES OF CREDIT (Continued)

The Museum had a revolving line of credit agreement with a bank. The line of credit had a maximum commitment of \$8,000,000 and bore interest at 3.25%. The line of credit was collateralized by a first lien deed of trust on real estate owned by the Museum and was also secured by a cross pledge interest in the “Building a Foundation of Hope” capital campaign and related deposit accounts. The agreement contained various provisions and restrictions and furnishing certain financial information to the bank on a periodic basis. As of December 31, 2022, \$94,589 was outstanding on the line of credit. On March 13, 2023, the Museum paid the line of credit in full. As a result, the Museum is not able to draw on the \$8,000,000 line of credit.

8. NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are as follows at December 31:

	2023	2022
Undesignated:		
Operating	\$ -	\$ 2,668
Property, plant, and equipment	45,536,248	48,985,253
Contingency fund / Operating reserve	4,059,687	3,121,801
Board designated:		
Capital campaign	210,150	197,174
PPRRSM	1,276,311	1,213,311
Museum experience	88,369	57,693
Bequests	2,500	2,500
	\$ 51,173,265	\$ 53,580,400

Net assets with donor restrictions are restricted as follows at December 31:

	2023	2022
Capital campaign – time restrictions only	\$ 2,357,938	\$ 3,146,566
Capital campaign – specific purpose restrictions	250,000	250,000
Museum experience	486,454	684,306
Program support	1,929,364	1,900,905
	\$ 5,023,756	\$ 5,981,777

9. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of events specified by the donors are as follows for the years ended December 31:

	2023	2022
Expiration of time restrictions	\$ 852,874	\$ 1,414,917
Satisfaction of building construction restrictions	100,948	96,150
Satisfaction of program restrictions	1,337,210	1,851,200
	\$ 2,291,032	\$ 3,362,267

10. SPECIAL EVENTS

Special events consist of the following for the years ended December 31:

	2023	2022
Hope for Humanity dinner revenue (including in-kind contributions)	\$ 1,865,621	\$ 1,223,535
Other special events	346,302	297,235
	2,211,923	1,520,770
Less: cost of direct benefits to donors (including in-kind contributions)	(411,185)	(258,634)
	\$ 1,800,738	\$ 1,262,136

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

11. PROGRAM SERVICE FEES AND MUSEUM STORE SALES

The Museum operates a store that sells books and other items directly related to its education program. Revenues and expenses for the Museum store are reported as follows for the years ended December 31:

	2023	2022
Sales	\$ 225,352	\$ 206,567
Cost of sales	(141,594)	(122,156)
Gross profit	83,758	84,411
Inventory write-off	(2,717)	(1,511)
Facility rental and program service fees	157,492	84,925
	\$ 238,533	\$ 167,825

Sales and cost of sales are reported net of discounts, estimated returns, and sales taxes.

12. PARKING LOT REVENUE

The Museum built and owns a parking garage on land adjacent to the Museum. Related parking lot revenue of \$205,551 and \$172,413 is reported on the accompanying statements of activities and changes in net assets, net of costs required to generate the revenue and sales tax for the years ended December 31, 2023 and 2022, respectively.

13. EMPLOYEE BENEFIT PLANS

The Museum has a 403(b) Plan (the “Plan”). The Plan is a voluntary retirement savings plan that allows pre-tax contributions from the employees’ salaries. There is no minimum age or service requirement to make salary reduction contributions to the Plan. Employees are allowed to contribute up to the maximum amount allowed by the law. The Plan was amended in 2016 to provide for discretionary employer contributions. Employees are eligible for discretionary employer contributions after 1,000 hours of service and are 100% vested immediately. The Museum made contributions to the Plan of \$56,888 and \$52,315 for the years ended December 31, 2023 and 2022, respectively.

The Museum also set up a nonqualified deferred compensation plan pursuant to Internal Revenue Service Code Section 457(f) (the “457 Plan”), and made discretionary contributions to the 457 Plan of \$30,000 for each of the years ended December 31, 2023 and 2022. All amounts contributed to the 457 Plan and all income attributable to such amounts, remain (until paid or made available to the participants or beneficiaries) solely the property of the Museum, subject only to the claims of the Museum’s general creditors. The funds for the 457 Plan are held in trust in a separate account and are invested by the participants. The assets and liabilities related to the 457 Plan are included in investments unrelated to endowments and accounts payable and accrued expenses, respectively, in the accompanying statements of financial position and represent the cumulative amount of contributions to the 457 Plan, as well as accumulated earnings and losses since the 457 Plan’s inception. At December 31, 2023 and 2022, the 457 Plan has assets of \$67,303 and \$31,162, respectively (See Note 6).

14. CONCENTRATIONS OF RISK

The majority of the Museum’s operations are within the North Texas area. Therefore, results of operations and collectability of receivables are subject to economic conditions of the area.

Approximately 69% of pledges receivable are due from four donors at December 31, 2023.

Approximately 52% of pledges receivable are due from three donors at December 31, 2022. Approximately 26% of contributions were received from two donors during the year ended December 31, 2022.

15. RELATED PARTY TRANSACTIONS

The Museum receives insurance advisory services from a company with whom a member of the Museum’s board of directors is employed. Commissions of \$0 and \$18,149 were paid to this company for the years ended December 31, 2023 and 2022, respectively.

Dallas Holocaust and Human Rights Museum  
NOTES TO FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (Continued)

The Museum received a management fee of \$23,050 and \$20,000 for services provided to the Endowment Foundation by the Museum for each of the years ended December 31, 2023 and 2022, as provided in the management services agreement between the Museum and the Endowment Foundation.

The Museum has \$23,788 of pledges receivable at December 31, 2023 and \$1,049,191 of contribution revenue for the year ended December 31, 2023 from members of the Board of Directors.

The Museum has \$757,961 of pledges receivable at December 31, 2022 and \$849,995 of contribution revenue for the year ended December 31, 2022 from members of the Board of Directors.

16. GOVERNMENT GRANTS AND ASSISTANCE

As a result of the uncertainty surrounding the COVID-19 pandemic and its impact on the Museum’s operating results, the Museum applied for the Employee Retention Credit (“ERC”) offered under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees during the period March 12, 2020 through December 31, 2020 and 70% of the qualified wages an eligible employer pays to employees during the period January 1, 2021 through September 30, 2021, with limitations on wages up to \$10,000 per employee, per year (2020) or per quarter (2021).

The Museum has elected to account for these transactions as conditional contributions by applying ASC Subtopic 958-605 *Not-for-Profit Entities – Revenue Recognition*. Contribution revenue is recognized when conditions are met, which include meeting eligibility and certain other criteria related to the use of the funds by incurring eligible expenditures. Management believes the Museum has met the eligibility and certain other criteria of the ERC and at December 31, 2023 has outstanding ERC receivables of \$261,394 which are included in other receivables on the statements of financial position.

The ERC filings may be subject to review by the Internal Revenue Service. The review may include examination of payroll records, calculations of the credit amount, as well as whether the Museum met the eligibility requirements of the program, and as a result of such reviews, adjustments could be required to the recognition of government grant income in future periods.

17. ACCOUNTS RECEIVABLE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Accounts receivable, contract assets and contract liabilities are included in the accompanying statements of financial position under the following captions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable:			
Other receivables	\$ 382,315	\$ 379,872	\$ 898,888
Contract assets:	\$ -	\$ -	-
Contract liabilities:			
Deferred memberships	\$ 76,947	\$ 45,564	\$ 35,815

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 29, 2024, the date the financial statements were available to be issued.