

UNITED STATES  
**HOLOCAUST**  
MEMORIAL  
**MUSEUM**

**PERFORMANCE & ACCOUNTABILITY  
REPORT**

**FISCAL YEAR 2009**

October 1, 2008 – September 30, 2009

November 16, 2009

**PERFORMANCE AND ACCOUNTABILITY REPORT**

**Fiscal Year 2009**

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## Message from the Director

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When the Museum opened in 1993, its founders knew that its message was timeless, but they could not have imagined that in the 21<sup>st</sup> century it would become even more timely. As a *living* memorial, the Museum teaches the history and lessons of the Holocaust so that both leaders and citizens will be motivated to confront hatred, promote human dignity, strengthen democracy, and prevent genocide.

In a world with increasing ethnic violence and extremism, rising anti-Semitism, and continuing genocide, our work has never been more pertinent or more urgent. We believe that our programs for teachers, diplomats, law enforcement officers, the military, the clergy, and concerned citizens help people understand the powerful lessons that history holds for our own times.

Through its on-site programs, outreach activities, and Web site, the Museum is reaching millions of Americans as well as a growing international audience each year with these stark lessons: evil is not eradicable; indifference has consequences; freedom requires responsibility. Inspired by the survivors, challenged by our times, and gratified by the continued high demand for our programs, the Museum will continue in Fiscal Year 2010 to bring these lessons to millions more.



Sara J. Bloomfield  
Director

## Statement of Assurance

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I, Sara J. Bloomfield, Director of the United States Holocaust Memorial Museum, state and assure that to the best of my knowledge:

- (1) The system of internal controls of this agency is functioning and provides reasonable assurance as to the: efficiency and effectiveness of programs and operations, reliability of financial performance information, and compliance with laws and regulations. These controls satisfy the requirements of the *Federal Managers Financial Integrity Act*.
- (2) The system of internal controls of this agency that relates to the security of financial management systems and performance and other financial data provide protections commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access and satisfy the requirements of section 5131 of the *Clinger-Cohen Act* of 1996; sections 5 and 6 of the *Computer Security Act*; and section 3533(D)(2) of the *Government Information Security Reform Act* and the *Federal Information Security Management Act* .
- (3) The financial management systems of this agency provide reasonable assurances that: obligations and costs are in compliance with applicable law; performance data and proprietary and budgetary accounting transactions applicable to the agency are properly recorded and accounted for to permit the timely preparation of accounts; reliable performance information, and to maintain accountability for the assets. The financial control at this agency satisfies the requirements of the *Federal Managers Financial Integrity Act*.
- (4) The financial management systems of this agency provide this agency with reliable, timely, complete, and consistent performance and other financial information to make decisions, efficiently operate and evaluate programs, and satisfy the requirements of the *Federal Financial Management Improvement Act* section 803(a), the *Government Performance and Results Act*, and OMB circular No. A-11 Preparation and Submission of Budget Estimates. A remediation plan under *FMFIA* is not required.
- (5) There are no material weaknesses reported.



Sara J. Bloomfield  
Director

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Introduction**

This report, *Management's Discussion and Analysis*, provides an overview of the financial position and results of activities of the United States Holocaust Memorial Museum (the Museum) for the fiscal years ended September 30, 2009 and 2008 (FY 2009 and 2008). This information should assist readers of these statements in better understanding the Museum's financial position and operating activities.

As America's national institution for Holocaust education and remembrance, the Museum brings the history and lessons of the Holocaust to individuals from all walks of life through educational outreach, teacher training, traveling exhibitions, and scholarship.

The Museum is a public-private partnership which receives an annual Federal appropriation as well as private donations. The Federal appropriation primarily supports the basic operations of the Museum facility, which is a national memorial. The Private (Nonappropriated) funding primarily supports educational programming, scholarly activities, and outreach.

The Museum is an independent establishment of the United States Government (*Public Law 106-292—October 12, 2000*) and is governed by a board of trustees known as the United States Holocaust Memorial Council (the Council). The Council has 65 voting members and three nonvoting members. Of the voting members, 55 are appointed by the President of the United States, five are appointed from among Members of the U.S. House of Representatives, and five are appointed from among members of the U.S. Senate. Of the three nonvoting members, one appointment is made by each of the Secretaries of the Departments of the Interior, State, and Education. Presidentially appointed members serve five-year terms; Members of Congress serve until the end of the Congressional term.

## **Performance Goals and Results**

Having achieved extraordinary success in its first ten years, the Museum established a strategic plan that provides a vision and framework for its activities through its second decade. The Museum had 65 established objectives for FY 2009 related to education, remembrance, research, and infrastructure support. The Museum met or exceeded 33 objectives, partially met 14 objectives, deferred the targeted completion dates on four objectives, and eight objectives were not met. Six of the performance report items are statistical measures of activity for which the Museum did not set targets. Full details on these goals and the related results are presented in the Program Performance Report that follows this section.

## **Financial Statements Summary**

The Museum's financial position remained strong at September 30, 2009, with total assets of approximately \$307.5 million and total liabilities of approximately \$22.6 million. Net assets, which represent the residual interest in the Museum's assets after liabilities are deducted, are \$284.9 million, a slight increase from the prior fiscal year. The increase in net assets is primarily attributable to investment appreciation.

## **Statement of Financial Position**

### ***Contributions Receivable***

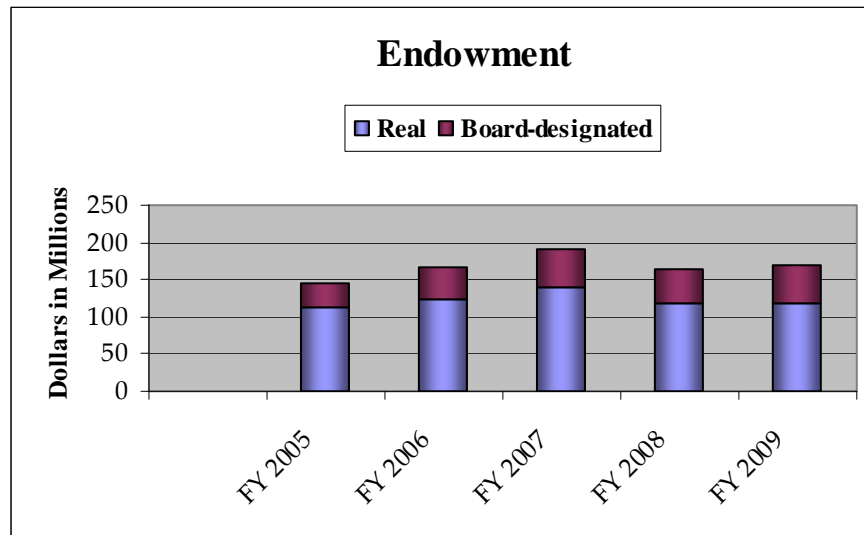
The Museum has gross contributions receivable of \$23.5 million. Of these receivables, \$2.9 million are current and \$20.6 million are due after one year. The receivable amount net of allowance for doubtful accounts and discounts to present value is \$21.1 million.

### ***Long-Term Investments***

Long-term investments are the largest of the noncurrent assets and consist mainly of donated securities and the investment of endowment funds. The current Museum investment policies call for an asset allocation of 60 (-20 / +10) percent in equities, 30 (-15 / +15) percent in fixed income, and ten (0 / +10) percent in alternatives for endowment investments. Included in the Museum's interpretation of equity and fixed income strategies are investments in limited partnerships, limited liability companies, and trusts that seek a diverse range of equity and fixed income positions.

With the assistance of a highly qualified investment consultant, the Museum closely monitors all investments by meeting periodically with individual investment managers, reviewing related management reports including independently audited statements, daily monitoring public sources for issues of concern with these firms, and continually assessing performance benchmarks and risk indicators.

The endowment market value, \$171.5 million, has increased by 4.6% from last fiscal year. As outlined in the footnotes, the endowment consists of both board-designated and real endowments which are pooled for investment purposes. As of September 30, 2009 and 2008 the board-designated endowment balance was approximately \$50.8 million and \$46.9 million, and the real endowment balances totaled approximately \$120.7 million and \$117.1 million, respectively.



### ***Performance***

The annual return for the pooled endowment fund this year was 3.7%. Included in the calculation of this performance figure are realized and unrealized gains / losses along with investment income.

### ***Property and Equipment***

Property and equipment is \$93.8 million and consists of buildings and improvement (\$124.6 million), the permanent exhibition and other exhibitions (\$40.4 million), furniture and equipment (\$15.4 million), leasehold improvements (\$1.6 million), less accumulated depreciation of \$88.2 million.

### ***Liabilities***

Liabilities consist primarily of accounts payable, accrued expenses and deferred revenue. Total liabilities are \$22.6 million.

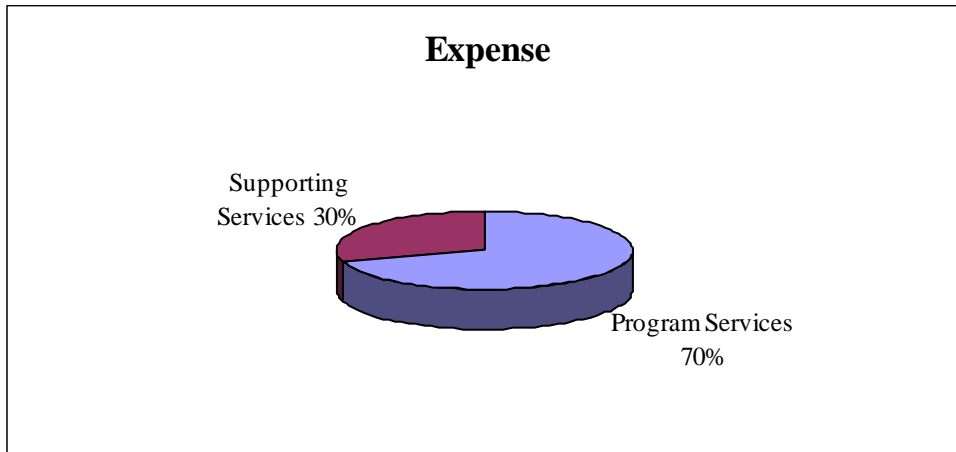
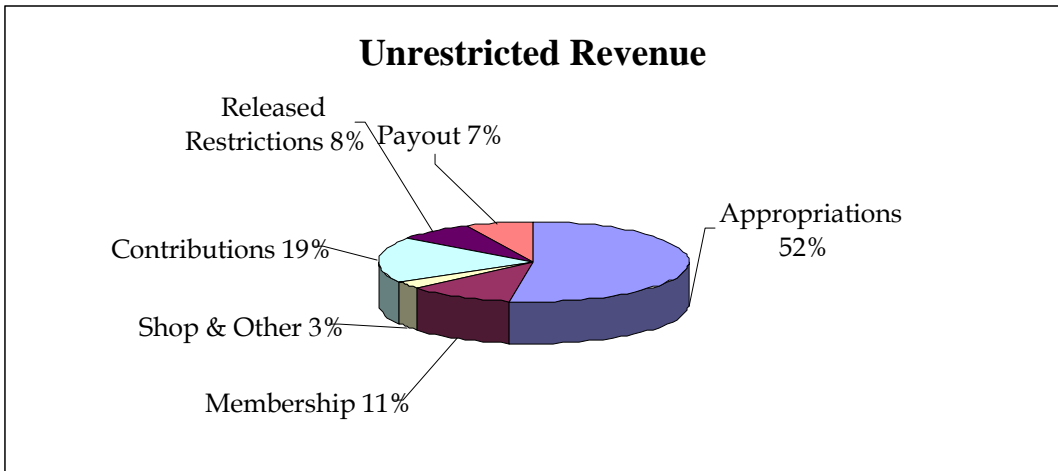
**Net Assets/Federal Equity**

The Museum has total equity of \$284.9 million of which approximately \$115.6 million is permanently restricted, and approximately \$34.8 million is temporarily restricted by donors. The Museum’s equity includes investments in the Museum buildings and exhibitions.

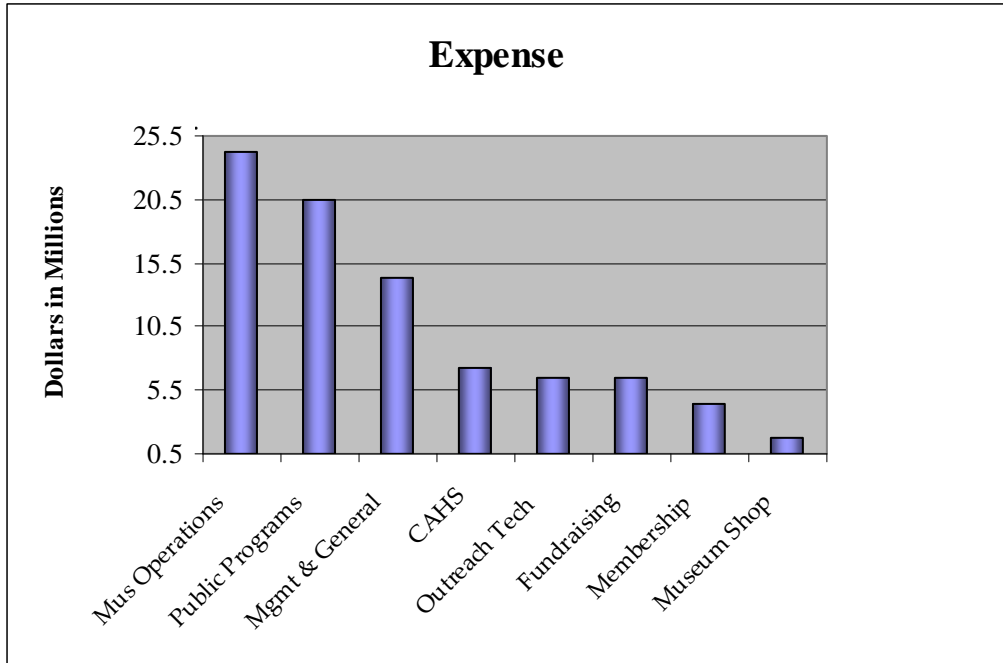
**Statement of Activities**

The *Statement of Activities* presents the Museum’s results of financial activity for the fiscal year and matches revenues to related expenses. The statement summarizes the annual gain/loss in equity.

Nonappropriated sources in FY 2009 and 2008 provided 48% and 46% of unrestricted revenues and reflect the Museum’s success in obtaining donor support for its program activities. Museum expenditures decreased \$3.5 million (4%) from FY 2008 primarily due to budget cuts made at the beginning of the fiscal year as a result of the economic decline. Program services comprise 70% of these expenditures. The charts that follow provide details.







**Management Integrity: Controls and Compliance**

The Museum maintains a comprehensive management control program through the activities of its internal auditor and the Council’s Audit Committee, the review and monitoring efforts of its legal staff, and ongoing proactive improvement efforts made by its management staff.

Based on this program, the Museum has reasonable assurance that:

- The financial reporting is reliable.
- The Museum is in compliance with all applicable laws and regulations.
- Management’s performance reporting systems are reliable.

In addition to these efforts, the Museum has also been accredited by the American Association of Museums. In going through the accreditation process, qualified museum professionals conducted a thorough independent evaluation of all aspects of the Museum, including a review of management controls.

The Director’s Statement of Assurance, as required under the *Federal Manager’s Financial Integrity Act*, attests to these and other Federal requirements for financial management.

**Investment in Fundraising**

The Museum continues to make significant investments in fundraising operations in support of the Museum’s programs and endowment. These activities include membership, planned giving, and major gift officer operations. Annually, Museum management reviews and evaluates each specific fundraising activity to ensure that the levels of expenditures are fully justified and are resulting in the desired return on investment. Museum officials are available to discuss this work upon request.

### **Limitations of the Federal Financial Statements**

The financial statements have been prepared to report the financial position and results of operations of the Museum, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the Museum in accordance with U.S. generally accepted accounting principles. The Federal schedules included in the supplementary information are in addition to the financial reports used to monitor and control budgetary resources and were prepared from the same books and records. The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

### **Future Concerns and Issues**

As the lessons of the Holocaust become increasingly relevant to our own times, the demand for the Museum's programs has been growing nationally and internationally. While the current level of funding covers the basic operating costs of the Museum facility, the Museum depends on private support for educational programming and outreach. As demand for these programs increases and the Holocaust recedes in time, it is increasingly critical to secure the financial future of the institution hence the Museum continues to make a significant commitment to building the institution's endowment.

# PROGRAM PERFORMANCE REPORT

## Mission Statement

A living memorial to the Holocaust, the United States Holocaust Memorial Museum was created to remember the victims and to stimulate leaders and citizens to confront hatred, prevent genocide, promote human dignity, and strengthen democracy. The Museum, which opened in 1993, was built in response to recommendations by the *President's Commission on the Holocaust* (P.L. 96-388), which mandated the following:

- Operate and maintain a permanent living memorial museum to the victims of the Holocaust,
- Provide appropriate ways for the nation to commemorate the victims of the Holocaust through the annual national civic observances known as *Days of Remembrance*, and
- Carry out the recommendations of the President's Commission on the Holocaust in its Report to the President of September 27, 1979.

## Mission Goals

- ◆ Protect and Strengthen the Core of the Living Memorial
- ◆ Enhance the Nation's Moral Discourse
- ◆ Secure the Future of the Memorial Museum

## Use of Non-Federal Parties

The United States Holocaust Memorial Museum is a public-private partnership and as such employs staff with both Federal and non-appropriated funds. Both Federal and non-appropriated employees contribute to accomplishing the mission of the Museum and subsequently to the content of this report. No outside contractors were used to prepare the report.

## Impact of FY 2009 Results on Future Performance Plans

The partially met objectives from FY 2009 are carried forward in the FY 2010 and later performance plans, as necessary and where consistent with the current plans and funding levels.

## **Format of the Performance Report**

The elements contained in the report are as specified in guidance issued by the Office of Management and Budget in circular A-11. Required elements of the report are identified below:

Comparison of actual performance with projected level of performance – This information is contained in the “YTD Results / Status” column of the report for each indicator for each performance objective. Where the results do not describe status as exceeded, met, partially met, deferred, or canceled it is an indication that no specific targets were established for that objective/activity.

Explanation of reasons for unmet objectives – This information, where required, is identified in the results descriptions.

Description of plans to meet unmet objectives in the future – The FY 2010 and future performance plans address any plans to extend unmet objectives into the future.

Evaluation of FY 2010 performance plan – This information is contained under “Impact of FY 2009 Results on Future Performance Plans.”

Budget authority applied – the summary report pages include information on expenditures and obligations associated with each of the mission goals from both appropriated and non-appropriated sources. These figures are based on budget execution reports and do not represent accrual-basis accounting data as is shown in the accompanying audited financial report. This information is based on a cross-walk of the organizationally based budget execution reports to corresponding strategic goals and is not based on cost-accounting at the transaction level.

## **Availability of Additional Information**

Additional information about the FY 2009 accomplishments and about the programs and public resources of the United States Holocaust Memorial Museum is available through the following means:

The USHMM Web site at <http://www.USHMM.org>

James Gaglione, Budget Officer, (202) 314-0336; [jgaglione@ushmm.org](mailto:jgaglione@ushmm.org)

## SUMMARY ANNUAL PERFORMANCE REPORT

### Consolidated status of all objectives

Budget authority applied:

	FY09	FY08
Federal	\$46,284,930	\$ 46,021,253
Non-appropriated*	33,574,491	41,808,297
<b>Total</b>	<b>\$79,859,421</b>	<b>\$ 87,829,550</b>

\*FY08 funding (throughout the performance report) includes unpaid obligations; FY09 figure is expenditures only due to unavailability of information in time for reporting deadline. Unpaid obligations in FY08 were approximately 10% of total funding reported.

Status of objectives:

	FY 09 Results		FY 08
No specific targets	6	9%	17%
Met or exceeded targets	33	51%	42%
Partially met targets	14	22%	35%
Deferred	4	6%	2%
Not met	8	12%	1%

Major Accomplishment Highlights:

- President Obama spoke at the Days of Remembrance ceremony in the Capitol Rotunda, which was webcast live
- Responded to almost 10,000 requests from survivors and others for information from the International Tracing Service collection
- Digitized 1,700 hours of audio testimony and more than 3 million pages from archival collections and developing the necessary systems to provide public online access
- Published volume 1 of the “Encyclopedia of Camps and Ghettos”
- Opened two major new exhibitions: *From Memory to Action* and *State of Deception: the Power of Nazi Propaganda*, both of which also have companion Web sites.
- Completed upgrades of the procurement and financial management systems

**GOAL: Protect and strengthen the core of the living memorial**

Budget authority applied to this goal:

	FY09	FY08
Federal	\$28,376,438	\$ 31,531,167
Non-appropriated*	7,956,682	13,584,533
Total	\$36,333,120	\$ 45,115,700

\*FY08 funding (throughout the performance report) includes unpaid obligations; FY09 figure is expenditures only due to unavailability of information in time for reporting deadline. Unpaid obligations in FY08 were approximately 10% of total funding reported.

Status of objectives:

	FY 09 Results		FY 08
No specific targets	4	16%	30%
Met or exceeded targets	15	60%	40%
Partially met targets	4	16%	30%
Deferred	1	4%	0%
Not met	1	4%	0%

Major objectives:

- Operate the Museum and improve visitor services
- Rescue the evidence of the Holocaust
- Engage new audiences in Days of Remembrance
- Shape the emerging field of Holocaust studies

Highlights:

- President Obama spoke at the Days of Remembrance ceremony in the Capitol Rotunda, which was webcast live
- Visitation increased, especially to the Web site
- Completed renovation of glass bridges in Museum
- Added 248 artifact collections and 108 microfilm collections totaling some 4 million pages
- Filled geographical and subject gaps in collections through the acquisition of unique European witness and perpetrator testimonies
- Responded to almost 10,000 requests from survivors and others for information from the International Tracing Service collection
- Digitized 1,700 hours of audio testimony and more than 3 million pages from archival collections and developing the necessary systems to provide public online access
- Published volume 1 of the Encyclopedia of Camps and Ghettos

**GOAL: Enhance the nation’s moral discourse**

Budget authority applied to this goal:

	FY09	FY08
Federal	\$7,214,466	\$ 6,903,701
Non-appropriated*	7,515,128	9,427,529
Total	\$14,729,594	\$ 16,331,229

\*FY08 funding (throughout the performance report) includes unpaid obligations; FY09 figure is expenditures only due to unavailability of information in time for reporting deadline. Unpaid obligations in FY08 were approximately 10% of total funding reported.

Status of objectives:

	FY 09 Results		FY 08
No specific targets	1	7%	8%
Met or exceeded targets	9	64%	59%
Partially met targets	2	14%	25%
Deferred	0	0%	8%
Not met	2	14%	0%

Major objectives:

- Effectively use the Committee on Conscience to respond to contemporary genocide
- Increase the base of citizens with knowledge of the Holocaust
- Improve Holocaust teaching at the secondary level
- Improve the distribution of support to underserved communities
- Serve as a catalyst for professions of leadership
- Use the Wexner Center to enhance visitor engagement
- Extend the impact of the Permanent Exhibition

Highlights:

- Released the report of the Genocide Prevention Task Force
- Opened *From Memory to Action* special exhibition and Web site
- Opened *State of Deception: the Power of Nazi Propaganda* special exhibition and Web site and conducted *Propaganda* initiative programming for students, educators, and others
- Provided teacher training in 16 states, the District of Columbia and Puerto Rico
- Piloted new ethics training model for Chief Justices and court administrators of the 50 states at their annual conference
- Seven traveling exhibitions on view in 22 communities in 15 states, plus Ottawa, and Berlin
- Increased number of speaking opportunities for survivors in communities across the country

**GOAL: Secure the future of the Memorial Museum**

Budget authority applied to this goal:

	FY09	FY08
Federal	\$10,694,026	\$ 7,586,385
Non-appropriated*	18,102,681	18,796,236
<b>Total</b>	<b>\$28,796,707</b>	<b>\$ 26,382,621</b>

\*FY08 funding (throughout the performance report) includes unpaid obligations; FY09 figure is expenditures only due to unavailability of information in time for reporting deadline. Unpaid obligations in FY08 were approximately 10% of total funding reported.

Status of objectives:

	FY 09 Results		FY 08
No specific targets	1	4%	10%
Met or exceeded targets	9	35%	35%
Partially met targets	8	31%	45%
Deferred	5	19%	5%
Not met	3	12%	5%

Major objectives:

- Undertake fundraising efforts to fulfill the strategic plan and integrate fundraising plans with programmatic priorities
- Enhance perception of the Museum as an institution that teaches the lessons of the Holocaust and encourages leaders and citizens to confront hate, prevent genocide, promote human dignity and strengthen democracy
- Position the Museum to anticipate and benefit from opportunities that support the mission
- Pursue continuous improvement and excellence in financial and human capital management, information technology support, and museum management and governance

Highlights:

- 19,635 new members joined the Museum
- Implemented comprehensive new visual identity system for the Museum.
- Launched Facebook, Twitter, and mobile presence for the Museum
- Redesigned and launched new employee development program
- Completed major upgrades to the procurement and financial systems



**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

The statistics presented on this page are not factored into the report of objectives met or not met because no specific targets are set for these measures of basic museum visitation.

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
General museum statistics	FY 2008 results: <ul style="list-style-type: none"> <li>• 1,700,129 visitors               <ul style="list-style-type: none"> <li>▪ 324,757 in groups (19%)</li> <li>▪ 649,360 RTC (38%)</li> <li>▪ 126,206 in KR Gallery (7%): Gallery closed on 10/08/07 through 04/24/08</li> <li>▪ 186,202 in Learning Center (11%)</li> </ul> </li> <li>• 37,992 volunteer hours worked</li> <li>• 24,799,829 Web site visitors</li> </ul>	FY 2009: <ul style="list-style-type: none"> <li>• 1,752,603 visitors               <ul style="list-style-type: none"> <li>▪ 339,697 in groups (19%)</li> <li>▪ 665,082 RTC (38%)</li> <li>▪ 308,248 in KR Gallery (18%) Gallery closed through 1/29/2009</li> <li>▪ 289,372 in Wexner Center (17%)</li> </ul> </li> <li>• 39,030 volunteer hours worked</li> <li>• 30,501,770 Web site visitors</li> </ul>
Provide placement and enrichment opportunities for volunteers and interns	# Newly placed volunteers # Newly placed interns # Enrichment programs offered # Newsletter editions produced	248 Newly placed volunteers 85 Newly placed interns 11 Enrichment programs offered 12 Newsletter editions produced
Diversify and improve group visitation	Offer group visits to special exhibitions to expand group visitation opportunities FY 2008: 151 (The Kimmel Rowan Gallery was closed 10/8/07-4/24/08 and 8/5/08-9/30/08.) FY 2007: 591 (baseline)	FY 2009: 373 Groups (KR Gallery closed through 1/29/2009)

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Extend the impact of the Permanent Exhibition and provide core programming in the Museum	Implement recommendations for changes derived from the evaluation of the P.E.  Note: 6 projects added to original list of 19 in 2009	Of 25 projects: <ul style="list-style-type: none"> <li>• 5 completed</li> <li>• 3 have a design concept</li> <li>• 1 in detail design</li> </ul>
	Double the programming opportunities where visitors may meet and learn from a Holocaust survivor FY 2008 baseline: <ul style="list-style-type: none"> <li>• 33 <i>First Person</i> programs                             <ul style="list-style-type: none"> <li>○ 5,319 attendees</li> <li>○ No podcasts</li> </ul> </li> <li>• 25 <i>Conversation with ...</i> programs                             <ul style="list-style-type: none"> <li>○ 1,280 attendees</li> </ul> </li> </ul> Total visitor interactions with a survivor: 6,599	<b>Not met:</b> <i>First Person</i> programs (March–August 2009): <ul style="list-style-type: none"> <li>• 39 programs</li> <li>• 6,136 attendees</li> <li>• 21 podcasts released</li> <li>• 24,540 total downloads</li> </ul> <i>Conversation with...</i> programs (May–September 2009): <ul style="list-style-type: none"> <li>• 22 programs</li> <li>• 1,515 attendees</li> </ul> Total visitor interactions with a survivor: 32,191
	Return and obtain suitable replacements for loan items in the PE from Poland whose loan periods expire in 2009	<b>Deferred:</b> Current loan period has been extended to 2010 at the request of both Auschwitz and Majdanek. Preparations are on schedule to return existing objects and receive new objects for installation into the PE.
Maintain the museum buildings through the repair and rehabilitation program	The repair and rehabilitation program operates on a 5-year project plan but also addresses emergency needs that arise during the year.	<b>Met:</b> <ul style="list-style-type: none"> <li>• Recalked and reset glass blocks in floors of Permanent Exhibition bridges</li> <li>• Rebuilt drains located above Museum concourse on 15<sup>th</sup> Street</li> <li>• Rebuilt chiller #1</li> <li>• Enhanced ceiling in Wexner Center Room 1 to provide flexible infrastructure for exhibition installation</li> <li>• Renovated classroom C to make the space more usable for programs</li> <li>• Performed electrical work to provide generator power to guard booth and Museum Café</li> <li>• Completed cyclical painting and carpet replacement</li> </ul>

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Rescue the Evidence:</p> <p>Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps (this objective encompasses all areas and types of collections as well as collections management and access)</p>	<p>Develop and implement collecting projects in several US cities, Eastern Europe, and North Africa</p>	<p><b>Met:</b> 233 new collections,</p> <ul style="list-style-type: none"> <li>• Australia – 1</li> <li>• Austria – 3</li> <li>• Belgium – 2</li> <li>• Canada – 1</li> <li>• Denmark – 2</li> <li>• England – 1</li> <li>• France – 5</li> <li>• Germany – 2</li> <li>• Israel – 43</li> <li>• Italy – 1</li> <li>• Macedonia - 2</li> <li>• Poland – 1</li> <li>• Romania – 1</li> <li>• Sweden – 1</li> <li>• Switzerland – 1</li> <li>• USA – 181</li> </ul> <p>108 new archival microfilm collections, totaling 4 million (est.) pages</p>
	<p>Open a temporary field office in Israel</p>	<p><b>Met:</b> Completed in 2008</p>
	<p>Expand and diversify survivor and eyewitness interviews</p>	<p><b>Met:</b> Continued to filled gaps through geographical and subject expansion of eyewitness interviews, including North African interviews, diverse wartime experiences of survivors in the U.S., and perpetrator and eyewitness testimonies in Eastern Europe.</p>
	<p>Complete transfer of the forced/slave labor section of ITS archives and accelerate digitization of postwar/displaced persons sections of the archive.</p>	<p><b>Met:</b> Completed in 2008</p>

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Rescue the Evidence:</p> <p>Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps (this objective encompasses all areas and types of collections as well as collections management and access)</p>	<p>Pursue, in collaboration with both Yad Vashem and the International Tracing Service, the development of name resources of Jewish and non-Jewish victims of the Holocaust. This includes the many existing archival and testimonial collections at USHMM and Yad Vashem as well as the huge collections being shared by the ITS. The goal is to disseminate this name-based information to interested parties</p>	<p><b>Partially met:</b></p> <ul style="list-style-type: none"> <li>• Continued to extend the names list project by capturing name data from lists and sharing the information with Yad Vashem.</li> <li>• The ITS archive is accessible to researchers using specialized software and within the Museum through a web browser.</li> <li>• Since opening the ITS collection to the public in January 17th, 2008 there have been approximately 10,000 requests for information.</li> </ul>
	<p>Target library acquisitions to support the research, education, and exhibition needs of the Museum</p>	<p>Replaced by other activities/targets below.</p>
	<p>Catalog and provide access to the Museum’s music collections</p>	<p><b>Met:</b> Seventy-seven recordings have been transferred from the Musicologists office to the Library and all have been cataloged in Voyager, the Library’s on-line catalog.</p>
	<p>Establish and implement a regular transfer schedule of published materials held by Curatorial Affairs to the Library and integrate materials transferred into the Library’s collection.</p>	<p><b>Met:</b> Transfers have been occurring on a regular basis. To date 140 publications have been deaccessioned from Curatorial Affairs and transferred to the Library’s rare book collection. All 140 publications have been cataloged in Voyager, the Library’s on-line catalog.</p>
	<p>Assess, treat, and rotate permanent exhibition artifacts according to the priority list of 438 objects compiled in 2006.</p>	<p><b>Met:</b> Completed in 2009. All of the highest priority rotations have been completed and a regular rotation schedule has been established for all environmentally sensitive materials in the PE.</p>
	<p>Continue to implement the digital asset management system. FY09 goals emphasize the aggregation of existing collections.</p>	<p>(see report under IT goal for improving access to digital resources)</p>
	<p>Digitize the collections of the USHMM</p>	<p><b>Partially met:</b> 3,034,178 digital images produced from archival collections. This is an ongoing process.</p>

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Lead the nation in annual Days of Remembrance (DOR) commemoration	Ensure that DOR activities are part of the Museum’s national outreach effort for our constituents—conduct the national commemoration in the Capitol Rotunda, include information about DOR and related events in all donor communications	<b>Met:</b> Reached out to donors, potential donors, Council and other leadership/supporters through range of communications (events, print/online content, e-sigs) highlighting DOR and showcasing breadth and depth of Museum programs.
	Outreach to key audiences: military, law enforcement, educators, college student	<b>Met:</b> <ul style="list-style-type: none"> <li>• DOR materials mailed to government officials, state governors and mayors in all 50 states; 161 proclamations received and posted online</li> <li>• Outreach to church community to build up recognition of DOR on church calendars for 2010.</li> <li>• Continued partnerships to for enhanced training and resources for military personnel charged with planning DOR events at bases across the country and worldwide.</li> </ul>
	Provide printed and on-line content and resources to citizens and organizations across the nation engaged in DOR commemoration	<b>Met:</b> <p>Live webcast of Rotunda ceremony with President Obama</p> <p>2009 DOR website expanded with updated theme page and other downloadable content for communities and organizations planning ceremonies.</p> <p>Names Reading ceremony promoted widely, with outreach to local e-community and Federal agencies, leading to strongest attendance yet with 160 individuals reading 8,000 names.</p>

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Center for Advanced Holocaust Studies</p> <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p>	Engage 30-50 new university-based scholars in CAHS network of research/teaching activities	<p><b>Exceeded:</b></p> <p>58 new university-based scholars</p>
	Facilitate university scholars' research and teaching work through faculty seminars (2 per year); fellows program (25-30 per year); campus outreach/presence (25-40 presentations per year)	<p><b>Exceeded:</b></p> <ul style="list-style-type: none"> <li>• 26 research fellowships to scholars from 8 states and 9 foreign countries; 5 graduate student research awards to students from 3 states and DC.</li> <li>• 54 campus outreach lectures in 26 states and Canada.</li> <li>• 3 faculty seminars for 63 professors from 26 states, DC, and Canada; 5 professors from 5 states for curriculum development.</li> </ul>
	Build networks of scholars/communities of discourse through 6-10 summer research workshops; partnered activities off-site	<p><b>Partially met:</b></p> <ul style="list-style-type: none"> <li>• 3 summer research workshops comprising 31 scholars from 10 states and 12 foreign countries. Topics included the International Tracing Service; the Holocaust in North Africa; and the Holocaust in Ukraine</li> <li>• 2 off-site partnered activities in New York, NY, and Paris, France (full listing in section on USSR-related programs).</li> </ul>
	Printing volume 1 and completing entries for volume 2 of an encyclopedia of Nazi killing centers, camps, ghettos, and other detention sites by FY 2010. (Anticipated completion date for entire project is FY 2018.)	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Volume 1 released June, 2009.</li> <li>• Volume 2 manuscript to be completed in FY 2010.</li> <li>• 74% of entries assigned for a third volume.</li> <li>• Progress continues on a fourth volume.</li> </ul>

**GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Center for Advanced Holocaust Studies</p> <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p>	<p>Undertake programs in USSR, including project with Father Desbois</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• 2 off-site partnered activities on (1) the Holocaust in the Soviet Union and (2) Operation 1005 with 6 other organizations: Blavatnik Archive Foundation (NY), Center for Jewish History (NY), College des Bernardins (Paris), New York University, University of Paris IV-Sorbonne, Yahad-In Unum (Paris).</li> <li>• Signed agreement with Yahad-In Unum to deposit copies of testimonies at USHMM for research purposes; 302 testimonies received to date.</li> <li>• 1 summer research workshop on the Holocaust in Ukraine (full listing in section on building scholar/researcher networks).</li> </ul>
	<p>Complete first 2 volumes of archival studies project on Jewish responses to persecution by FY 2010.</p>	<p><b>Partially met:</b></p> <ul style="list-style-type: none"> <li>• Volume 1 of archival studies project will be published in December, 2009.</li> <li>• Volume 2 manuscript 2 will be completed Spring, 2010.</li> </ul>

**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Effectively use the Committee on Conscience to respond to contemporary genocide		
Expand the network of citizens who care about genocide	Add content to <i>World is Witness</i> on Google Earth within the Genocide Prevention Mapping Initiative (GPMI).	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Museum staff and guest contributors have added dozens of posts to World is Witness from South Sudan, Rwanda, Burundi, Eastern and Northern Congo.</li> <li>• In July, 2009, the Museum worked with Google Earth and the U.S. Department of State to update the Museum’s Crisis in Darfur project to show that 3,300 villages have been damaged or completely destroyed through Darfur, more than double the previous confirmed number.</li> </ul>
	Open <i>From Memory to Action</i> exhibition and Web site: Spring 2009	<b>Met:</b> Opened April 23, 2009; companion Web site and redesigned COC Web site launched.
	Conduct seminar in conjunction with the Propaganda Initiative: February 2009	<b>Met:</b> The seminar <i>Speech, Power Violence</i> was conducted with academics, journalists, political analysts, policy professionals, and conflict analysts from around the world gathered to share research and varied expertise with the goal of publishing a collection of essays offering new insights on the role of hate speech in situations of genocide or related crimes against humanity.
Expand the reach of the Academy for Genocide Prevention	Release report of the Genocide Prevention Task Force (GPTF): December 2008.	<b>Met:</b> Report released and December 8, 2008 press conference, at the National Press club, with Task Force Co-Chairs Albright and Cohen was widely covered by the media, generating numerous stories, editorials and op-eds in major media outlets such as The Washington Post, CNN, the Economist, The New York Times and the International Herald Tribune. The committee has also helped brief administration officials, policy makers and others about the report.



**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives		
<p>Use special exhibitions, the Web site and related programs / products to stimulate dialogue / discourse</p> <p>Present traveling exhibitions and related programs / products nationwide</p> <p>Use the Wexner Learning Center to enhance visitor engagement with the history and legacy of the Holocaust</p>	<p>Present special exhibitions and associated programs at the Museum and through traveling exhibitions nationwide.</p>	<p>(schedule and status on separate page at the end of this section)</p>
	<p>Launch <i>Propaganda</i> initiative with special programming for journalists and other communications professionals.</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Special exhibition, <i>State of Deception: the Power of Nazi Propaganda</i>, opened on January 30, 2009; 308,000 visitors as of September 30, 2009.</li> <li>• Companion Web site had more than 500,000 visitors through September 30, 2009.</li> <li>• Initiative programs conducted for:               <ul style="list-style-type: none"> <li>▪ 200 university-level students, including journalism and media students</li> <li>▪ 160 military personnel, including senior officials studying and analyzing strategic communication at the National Defense University and the Army Directed Studies Office</li> <li>▪ 25 U.S. Senate Chiefs of Staff</li> <li>▪ 65 State Department professionals in the Bureau of International Information Programs and the Bureau of Educational and Cultural Affairs</li> <li>▪ 240 educators from across the country, at all levels from secondary to university and graduate-level courses</li> <li>▪ Staff from Journalism training institutions including university faculty</li> <li>▪ Political consultants and government communication professionals</li> </ul> </li> </ul>
	<p>Create Web-based videos and podcast interviews in support of the Propaganda initiative.</p>	<p><b>Partially met:</b> These project have been started but will be completed in FY 2010.</p>

**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives		
Use special exhibitions, the Web site and related programs / products to stimulate dialogue / discourse	Translate Holocaust Encyclopedia and other Web content into Indonesian and Korean; continue translations into Arabic, Farsi, Urdu, Russian, Portuguese, Turkish, French, Spanish, and Chinese; and produce new content in selected language(s).	<b>Partially met:</b> Translation of Holocaust Encyclopedia has been completed for all languages indicated except the Korean language. Translation of contents into Korean is currently underway.
Present traveling exhibitions and related programs / products nationwide	Open <i>Standing up to Genocide Today</i> in the Wexner Learning Center.	(see status report under Committee on Conscience objectives – exhibition title changed to <i>From Memory to Action</i> )
Use the Wexner Learning Center to enhance visitor engagement with the history and legacy of the Holocaust	Pilot new programming using video testimony from Holocaust Survivors	<b>Met:</b> Video testimony films created on the themes of <i>Kristallnacht</i> and <i>Propaganda</i> and are on view in the Survivors Registry and Wexner Center

**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives		
	Evaluate the Voices on Anti-Semitism audio series for expansion to diversify the range of perspectives and reach new audiences	<p><b>Met:</b> Examined series through surveys, usage data, and staff comments and began changes to improve access for existing and new audiences that include:</p> <ul style="list-style-type: none"> <li>• Tagging project that allows listeners to sort episodes by theme and alphabetically;</li> <li>• One-page guide for teachers to guide use of the series in classes (complete); and</li> <li>• Refreshed antisemitism Web pages to improve access to the content (complete).</li> </ul>
<p>Develop programming to increase awareness of contemporary anti-Semitism and its historical roots</p> <p>Increase capacity to deliver teacher training and resources</p> <p>Extend reach of programs for military, government, law enforcement and other leadership audiences</p> <p>Build network of medical professionals / bioethicists interested in incorporating Holocaust related material in humanities and medical ethics training</p>	Increase the number of Regional Educational Corps members emphasizing Rocky Mountain plans and Western states and community based teacher training programs.	<p><b>Not met:</b> Did not increase the number of members of the Regional Education Corps because of funding cuts; Provided teacher training in all fifty states plus Puerto Rico and Guam:</p> <p><b>Western States</b>  California: January 2009 (2), April (2), June</p> <p><b>Midwest</b>  Wisconsin: November 2008 (2)  Michigan: November 2008, December  Wyoming: January  Minnesota: May  Missouri: May  Illinois: May  Colorado: June  Nebraska: September</p> <p><b>Southwestern States</b>  Oklahoma: March  Texas: November (2)  Arizona: May (2)  Nevada: October (2), Nov. (2), January, April (2)</p> <p><b>Mid-Atlantic States</b>  Washington DC: October (2), November, December, February, March, April (3), May, June (5), July (7), August</p> <p><b>Northeast</b>  New York: October (2)  New England</p> <p><b>Southeast</b>  Florida: November, December  Puerto Rico: May  Georgia: June</p>

**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives		
<p>Develop programming to increase awareness of contemporary anti-Semitism and its historical roots</p> <p>Increase capacity to deliver teacher training and resources</p> <p>Extend reach of programs for military, government, law enforcement and other leadership audiences</p> <p>Build network of medical professionals / bioethicists interested in incorporating Holocaust related material in humanities and medical ethics training</p>	<p>Increase by 15 the number of Museum Teacher Fellows trained to implement the Museum’s educational programming and focus recruitment in underserved areas of the country</p>	<p><b>Not met:</b> Did not increase the number of members of the Regional Education Corps due to the recession, but are making plans to do so for FY10</p>
	<p>Increase opportunities for extended learning with current partners including 2<sup>nd</sup> biennial summit for youth leadership organizations</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Entered into collaboration with Wroxton Symposium to publish “The Holocaust and Military Ethics”</li> <li>• Produced an orientation film in partnership with the Naval Academy. This will be shown to pledges before they visit the Museum</li> <li>• Held a two-day Summit with leaders of 30 national youth leadership organizations</li> <li>• Conducted training for all State Supreme Court Justices and Court Administrators at their national conference</li> <li>• Developed a new resource book “Law, Justice and the Holocaust” to support this effort</li> <li>• Government executives: 14 programs, 368 participants</li> <li>• Military: 47 programs, 3,352 participants</li> <li>• Police/Law Enforcement: 81 programs, 3,197 participants</li> <li>• Judges/Law students: 6 programs, 491 participants</li> </ul>
	<p>Work with partner organizations to develop menu of Holocaust related resources for U.S. schools of medicine, nursing and bioethics</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Created new version of exhibition, Deadly Medicine: Creating the Master Race, for display on university and medical school campuses. Exhibition opened in at United Nations in January.</li> <li>• Worked with SUNY-Stony Brook, University of Oklahoma, and University of South Carolina on programming to complement the exhibition.</li> <li>• Courses developed by Emory University and Johns Hopkins University.</li> </ul>

**GOAL: ENHANCE THE NATION’S MORAL DISCOURSE**

Status report for special exhibitions:

<u>Exhibition Title/Topic</u>	<u>Target Presentation Dates</u>	<u>Status as of (Sept. 30, 2009)</u>
<i>GENOCIDE EMERGENCY—Darfur, Sudan: Who Will Survive Today?</i> (Wexner Learning Center)	March 11, 2005 - Indefinitely	On view
<i>Abandoned at Srebrenica: Ten Years Later</i> (Meyerhoff Theater)	July 11, 2005 - Indefinitely	On view
<i>The Nuremberg Trials: What Is Justice?</i> (Wexner Learning Center)	December 20, 2005 - Indefinitely	On view
<i>A Dangerous Lie: The Protocols of the Elders of Zion</i> (Gonda Education Center)	April 21, 2006 - Indefinitely	On view
<i>From Memory to Action: Meeting the Challenge of Genocide</i> (Wexner Center)	April 10, 2009–Indefinitely	Opened April 10, 2009; on view
<i>State of Deception: The Power of Nazi Propaganda</i> (Kimmel-Rowan Gallery)	January 30, 2009 – Fall 2012 Presentation extended from Fall 2011 to Fall 2012	Opened January 30, 2009; on view
Collaboration/Complicity (Kimmel-Rowan Gallery)	Spring 2013–Fall 2017	Research/concept development ongoing Opening date deferred to 2013 & closing date extended
Travelling Exhibitions		Seven exhibitions on view in 22 U.S. cities and 15 states (plus Ottawa, Ontario, and Berlin, Germany)

**GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Undertake fundraising efforts to fulfill the Strategic plan over the next decade	FY 2009 target: Raise \$31.5 million in annual funds and \$10 million in endowment	<b>Not met:</b> Raised \$30.6 million in annual funds and \$2 million in endowment. 79% of our overall goal. This represents a 15% decrease from the previous year.
	Define and launch a targeted endowment initiative using the 2009 DOR as a potential kick-off of the first phase of a concentrated \$200 million endowment effort.	<b>Deferred:</b> Endowment campaign efforts were postponed due to the economic climate. However, 47 new planned giving (estate) commitments were made in FY09, nine of which are quantifiable for a total of \$17.4 million, of which \$15.5 million will benefit the endowment.
	Strengthen the recruitment and marketing efforts for the International Travel Program (ITP) with special emphasis on the 2009 trips to Vienna and Prague and Romania. Goal: fill each trip with 30-40 participants and manage expenses to break even with trip fees.	<b>Not met:</b> The ITP trip originally scheduled to Vienna and Prague in Fall 2009 was postponed due to very limited response and the overall economic conditions. However, we successfully recruited 16 participants to travel to Romania and early reports indicate that fundraising during this trip was very successful.
	Increase net revenue by 6.7% to \$6 million by increasing retention rates of Members acquired over the past 1-3 fiscal years and reactivating lapsed Members	<b>Not met:</b> However, the program's cost to raise a dollar for FY09 was slightly lower than in FY08.
	Undertake targeted membership acquisition efforts to acquire 20,000 new Members – goal revised downward to 17,000	<b>Exceeded:</b> 19,635 new members were acquired in FY09.
Increase the integration of fundraising plans with programmatic priorities	Complete Milestone II of the conversion from Target's Team Approach to Blackbaud's Enterprise Constituent Relationship Management system with specific focus on major gifts and prospect management	<b>Deferred:</b> The current version of the product does not fulfill museum needs.
	Launch a targeted recruitment effort to engage the donor community in the 2009 Days of Remembrance. Increase attendance by 30%.	<b>Not met:</b> Attempts were made to increase donor attendance at DOR, and a number of guests joined the program in light of the President's participation, but overall attendance did not increase.

**GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Enhance perception of the Museum as institution that teaches the lessons of the Holocaust and encourages leaders and citizens to confront hate, prevent genocide, promote human dignity and strengthen democracy.</p>	<p>Launch new visual identity for the Museum—routine printed matter and key publications will reflect new identity as well as at major Museum events and programs</p>	<p><b>Met:</b> Successfully completed implementation of comprehensive new visual identity system for the Museum.</p>
	<p>Create a marketing division under a new Chief Marketing Officer: FY 09 objective is to hire a Chief Marketing Officer.</p>	<p><b>Met:</b> Hired Chief Marketing Officer and began organizational realignments.</p>
<p>Position the Museum to anticipate and benefit from opportunities that support the mission and enhance the Museum’s image</p>	<p>Generate positive press coverage around key Museum initiatives such as Genocide Prevention Task Force Report, Deadly Medicine exhibition at United Nations, Propaganda initiative, From Memory to Action installation, traveling exhibitions and national planning programs in key cities and regions.</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Significant press coverage around release of Genocide Prevention Task Force Report.</li> <li>• <i>State of Deception: The Power of Nazi Propaganda</i> exhibition garnered major reviews in prime media outlets nationally and internationally.</li> <li>• Holocaust Encyclopedia of Camps and Ghettos (v.1) generated widespread press, including PBS NewsHour.</li> </ul>
	<p>Enhance and promote the Web site as a fundraising, messaging, and educational tool—complete redesign of fundraising section of website, participate in planning for overall website redesign</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Launched development pages on web site.</li> <li>• Increased efforts to collect e-mail</li> <li>• Launch of strategic e-appeal program around DOR</li> <li>• Launch of <i>From Memory to Action</i>, an online complement to the interactive installation.</li> </ul>
	<p>Work with Development on comprehensive communications strategy to support fundraising goals-launch new institutional video and develop new fundraising materials</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Continued working with fundraising / communications consultant to implement key goals and identify long term strategies.</li> <li>• Launch of refreshed Annual Fund concept with new materials and collateral.</li> </ul>

**GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Position the Museum to anticipate and benefit from opportunities that support the mission and enhance the Museum’s image (continued)</p>	<p>Use innovative communications methods to build partnerships, connect with influencers, and steward constituencies—expand on-line outreach and marketing</p>	<p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Continued expanding outreach efforts to survivor communities.</li> <li>• Increased number of speaking opportunities for survivors in communities across the country</li> <li>• Expanded use of new media, including Facebook and Twitter, to reach new audiences and engage existing audiences in interactive ways.</li> <li>• Museum Facebook page now has more than 5,500 subscribers.</li> <li>• Use of live webcast of DOR ceremony to reach out to new audiences.</li> </ul>



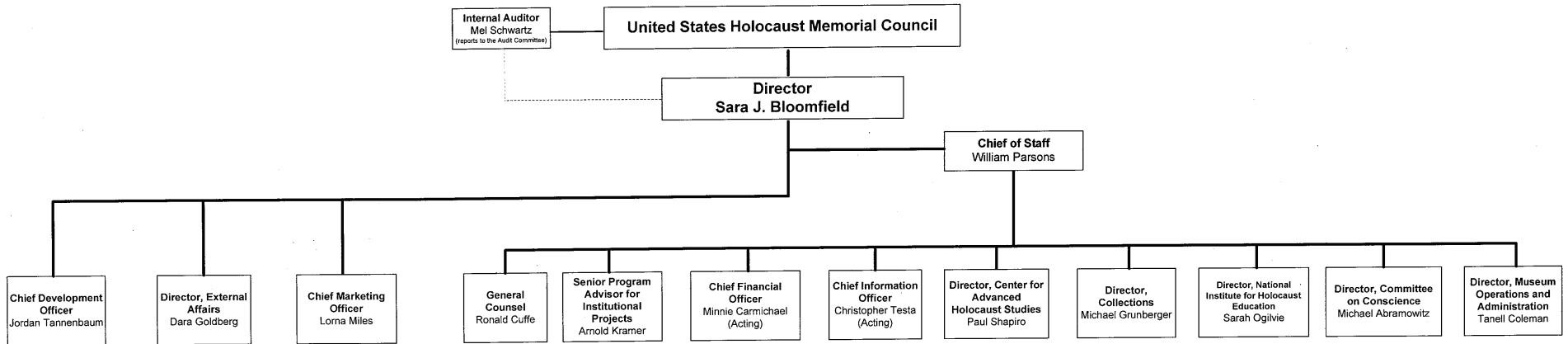
**GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
<p>Pursue continuous improvement and excellence in financial management, human resources management, information technology support, and administration of the Museum and address relevant elements of the President's Management Agenda.</p>	<p>Create and launch a Human Resources web page on the USHMM intranet: 1<sup>st</sup> quarter content development; 3<sup>rd</sup> quarter testing/piloting; 4<sup>th</sup> quarter final launch</p>	<p><b>Deferred:</b> On hold pending a Museum-wide roll-out and training for SharePoint (the webpage platform currently under development). Work on the HR page is estimated to start in Spring 2010.</p>
	<p>Streamline the payroll processes used by the Museum: By the second quarter, the Director of Human Resources, Chief Financial Officer, and Chief Information Officer, in consultation with other staff, will submit a recommendation (including funding and resource needs) for a new payroll/personnel system.</p>	<p><b>Partially met:</b> Following meetings during the fiscal year, the Director of Human Resources, Chief Financial Officer, and Chief Information Officer, submitted a proposal for a contractor to further research system options and user needs. FY09 funding for the contractor was not approved, but will be re-submitted for action in early FY10.</p>
	<p>Redesign the employee development program</p>	<p><b>Met:</b> The employee development program has been redesigned to include:</p> <ul style="list-style-type: none"> <li>• Executive / leadership coaching (initiated July 2009)</li> <li>• A proposed ongoing supervisor/ management training program (anticipated to begin in fall 2009 pending vendor selection)</li> <li>• A revised new employee orientation initiative that includes key milestones throughout the first year of employment</li> <li>• Roll-out of individual development plans (in winter 2010)</li> </ul>
	<p>Centralize 80 percent of the Museum procurement activity</p>	<p><b>Not met:</b> 79% of non-purchase card procurements were executed centrally. (This objective will not be continued.)</p>
	<p>Increase non-appropriated revenue from business activities</p>	<p>This is a permanent objective without specific targets so will be dropped from the report.</p>
	<p>Upgrade the procurement and accounting systems as funding permits</p>	<p><b>Met:</b> Both systems successfully upgraded and fully operation for the start of FY 2010.</p>

**GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM**

Objective	FY 2009 activity planned, target or comparison baseline	Results / Status
Provide oversight for major Museum technology systems	Replace the audio-visual delivery system for the PE and other museum uses	<b>Partially met:</b> The first phase of this project has been completed by replacing a major portion of television monitors in the permanent exhibit with flat panel digital displays. This process will continue until the end of fiscal year 2010.
	Redesign the Museum’s Web site including: <ul style="list-style-type: none"> <li>▪ Re-architecture:</li> <li>▪ Content management:</li> <li>▪ Standards-based delivery:</li> <li>▪ Search and discovery:</li> <li>▪ Technical infrastructure:</li> </ul>	<b>Partially met:</b> USHMM awarded a contract in FY 2009 to carry out the web redesign project that encompasses all of the elements indicated under this planned objective.
	Develop mobile delivery platforms for content delivery in the Museum space and to constituents world-wide.	<b>Partially met:</b> Mobile website launched to provide information about the museum, its exhibitions, and for planning a visit. Research begun for future development of additional mobile access in the museum, as well as beyond the museum’s walls nationally and globally.
	Implement improvements to access systems for digital resources for Museum staff via Microsoft Office SharePoint Server.	<b>Partially met:</b> This project is in its final stages of development and it is expected to enter production in January 2010.
	Upgrade email platform to Microsoft Exchange 2007 server infrastructure	<b>Partially met:</b> All of the engineering aspects of this project have been completed and the project has now entered its testing phase. We estimate the upgraded email system will be fully operational by the end of November 2009.
	Enhance performance of the data center, storage, and server infrastructure through server/storage platform virtualization.	<b>Partially met:</b> During the fiscal year 2009, fifteen servers were virtualized. As a part of the ongoing effort, additional servers and storages systems are currently being identified for virtualization in FY 2010.
	Implement with Security, the Homeland Security requirements for new identification cards for staff.	<b>Partially met:</b> Limited implementation through cross-servicing arrangement began in 2009.

## United States Holocaust Memorial Museum



**Annual Fund & Endowment**  
Amy Farrier  
(Major Gifts Officers)  
(Planned Giving)  
(Foundations/Corporations)

**Stewardship/Programs**  
(Vacant)

**Administration**  
John Fawsett  
(Development Services)

**Institutional Stewardship**  
Diane Saltzman  
(Council Relations)  
(Survivor Affairs)

**Communications**  
Jean Freedberg

**Creative Dir. (Vacant)**  
(Publishing)  
(Membership)

**Special Events/Int. Travel**  
Nadia Ficara

**Budget**  
Jay Gaglione

**Business Mgmt. / Shop**  
Jerry Rehm

**Procurement**  
James Brady

**Financial Management**  
Vacant

**Outreach Technology**  
Christopher Testa

**Technology Systems**  
S. Chandrasekaran

**Applied Research**  
Juergen Matthaeus

**International Archival Programs**  
Radu Ioanid

**Senior Historian**  
Peter Black

**University Programs**  
Robert Ehrenreich

**Visiting Scholars**  
Vacant

**Curatorial Affairs**  
Scott Miller

**Collections Services**  
Travis Roxlau

**Library**  
Travis Roxlau  
(Acting)

**Survivors Registry**  
Lisa Yavnai

**Exhibitions**  
Edward Phillips

**Global Classroom**  
Michael Haley-Goldman

**National Planning and Administration**  
Kristine Donly  
(Leadership Programs)

**Teacher Education and Special Programs**  
Dan Napolitano

**Genocide Prevention Initiative**  
John Heffernan

**Research and Projects**  
Bridget Conley-Zilkic

**Academy of Genocide Prevention**  
Ann-Louise Colgan

**Human Resources**  
Antonio Guzmán

**Equal Employment**  
Renee Wilson-Butler  
(Acting)

**Museum Services**  
Paul Garver

**Operations**  
Kristy Brosius

**Protection Services**  
Joseph Rosboschil

## Message from the Chief Financial Officer

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I am pleased to present the United States Holocaust Memorial Museum's Fiscal Year 2009 *Performance and Accountability Report* which presents both financial and performance information on the Museum's operations in a combined report for the fiscal year ending September 30, 2009. This report satisfies the reporting requirements for the following:

- *Accountability of Tax Dollars Act of 2002*
- *Reports Consolidation Act of 2000*
- *Government Management Reform Act of 1994*
- *Government Performance and Results Act of 1993*
- *Chief Financial Officers Act of 1990*
- *Federal Managers' Financial Act of 1982*
- *Section 2308 of the Museum's authorizing legislation*

The Museum received an unqualified opinion on its consolidated financial statements for Fiscal Year 2009. These statements fully account for both the Federal and non-appropriated funds.

In the past year, we continued efforts to refine and improve the Museum's consolidated financial system with the goal of providing Museum managers, Council members, Federal oversight officials, and the general public with timely, accurate, and useful financial information. Significant financial management achievements of the past year include:

- Major upgrades to the software for both the procurement and financial management systems
- Continued progress on eGov initiatives by implementing Smart Pay II
- Increased revenue activity by providing visitors the opportunity to make contributions at the cash registers in the Museum Shop.

We remain committed to providing the Museum with the highest levels of financial management services and ensuring the efficiency, economy, and effectiveness of the Museum programs and activities.



Minnie P. Carmichael  
Acting Chief Financial Officer  
United States Holocaust Memorial Museum



**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Financial Statements

For the year ended September 30, 2009  
with comparative totals for 2008

(With Independent Auditors' Report Thereon)

**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Financial Statements

Year ended September 30, 2009

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**KPMG LLP**  
2001 M Street, NW  
Washington, DC 20036

## **Independent Auditors' Report**

Council Members  
United States Holocaust Memorial Museum:

We have audited the accompanying statement of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2009, and the related statements of activities, and cash flows (hereinafter referred to as "financial statements") for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Museum's 2008 financial statements and, in our report dated January 14, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit 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 Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note 4 to the financial statements, the Museum applied the enhanced recognition and disclosure provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, as of October 1, 2008.

As described in note 15 to the financial statements, the Museum applied the enhanced disclosure provisions of FASB ASC 958-205, *Other Presentation Matters*, as of October 1, 2008.

The information in the Management's Discussion and Analysis section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.



Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules in the supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 16, 2009, on our consideration of the Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

KPMG LLP

November 16, 2009



**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Statement of Financial Position

September 30, 2009

(with summarized information as of September 30, 2008)

	<b>Nonappropriated funds</b>	<b>Appropriated funds</b>	<b>2009 Total</b>	<b>2008 Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>				
Cash and fund balance with treasury	\$ 862,000	14,119,567	14,981,567	12,674,149
Short-term investments	259,471	—	259,471	1,046,705
Contributions receivable, net	21,112,488	—	21,112,488	23,940,524
Other assets	988,491	228,743	1,217,234	1,006,647
Long term investments	176,203,381	—	176,203,381	171,838,126
Property and equipment, net	81,899,435	11,885,597	93,785,032	97,051,458
Collections (note 2)	—	—	—	—
<b>Total assets</b>	<b>\$ 281,325,266</b>	<b>26,233,907</b>	<b>307,559,173</b>	<b>307,557,609</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 6,842,228	4,189,174	11,031,402	11,271,974
Deferred revenue	—	—	—	4,500,000
Unexpended appropriations	—	11,582,852	11,582,852	8,219,606
<b>Total liabilities</b>	<b>6,842,228</b>	<b>15,772,026</b>	<b>22,614,254</b>	<b>23,991,580</b>
<b>Net assets:</b>				
<b>Unrestricted:</b>				
Federal cumulative results of operations	—	10,461,881	10,461,881	10,711,058
Program and supporting activities	73,264,118	—	73,264,118	79,169,898
Funds functioning as endowment	50,808,610	—	50,808,610	46,863,709
<b>Total unrestricted net assets</b>	<b>124,072,728</b>	<b>10,461,881</b>	<b>134,534,609</b>	<b>136,744,665</b>
Temporarily restricted net assets	34,761,314	—	34,761,314	34,158,674
Permanently restricted net assets	115,648,996	—	115,648,996	112,662,690
<b>Total net assets</b>	<b>274,483,038</b>	<b>10,461,881</b>	<b>284,944,919</b>	<b>283,566,029</b>
<b>Commitments and contingencies (note 9)</b>				
<b>Total liabilities and net assets</b>	<b>\$ 281,325,266</b>	<b>26,233,907</b>	<b>307,559,173</b>	<b>307,557,609</b>

See accompanying notes to financial statements.

**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Statement of Activities

Year ended September 30, 2009

(with summarized information for the year ended September 30, 2008)

	Nonappropriated funds	Appropriated funds	Total unrestricted	Nonappropriated funds		2009 Total	2008 Total
				Temporarily restricted	Permanently restricted		
Support and revenues:							
Federal appropriation revenue	\$ —	43,438,449	43,438,449	—	—	43,438,449	45,712,768
Contributions	15,721,975	—	15,721,975	6,434,914	1,916,329	24,073,218	29,093,979
Membership revenue	9,527,044	—	9,527,044	—	—	9,527,044	10,468,822
Museum shop	2,235,453	—	2,235,453	—	—	2,235,453	2,337,921
Endowment payout	6,285,748	—	6,285,748	1,391,214	650,953	8,327,915	7,767,702
Contributed services	27,166	—	27,166	—	—	27,166	31,526
Imputed financing source	—	1,246,312	1,246,312	—	—	1,246,312	1,141,023
Other	99,955	—	99,955	—	—	99,955	339,336
Net assets released from restrictions:							
Expiration of time restrictions	1,361,167	—	1,361,167	(1,361,167)	—	—	—
Satisfaction of program restrictions	5,642,768	—	5,642,768	(4,991,815)	(650,953)	—	—
Total support and revenues	<u>40,901,276</u>	<u>44,684,761</u>	<u>85,586,037</u>	<u>1,473,146</u>	<u>1,916,329</u>	<u>88,975,512</u>	<u>96,893,077</u>
Expenses:							
Program services:							
Museum operations	3,732,046	20,569,541	24,301,587	—	—	24,301,587	25,064,983
Center for Advanced Holocaust Studies	5,256,512	2,019,607	7,276,119	—	—	7,276,119	7,461,328
Museum and public programs	9,382,829	11,075,348	20,458,177	—	—	20,458,177	20,910,051
Outreach technology	2,453,101	3,951,198	6,404,299	—	—	6,404,299	6,521,032
Museum shop	1,835,931	—	1,835,931	—	—	1,835,931	1,993,700
Total program services	<u>22,660,419</u>	<u>37,615,694</u>	<u>60,276,113</u>	<u>—</u>	<u>—</u>	<u>60,276,113</u>	<u>61,951,094</u>
Supporting services:							
Management and general	7,030,404	7,318,244	14,348,648	—	—	14,348,648	14,303,091
Membership development	4,447,661	—	4,447,661	—	—	4,447,661	4,928,002
Fundraising	6,499,334	—	6,499,334	—	—	6,499,334	7,879,881
Total supporting services	<u>17,977,399</u>	<u>7,318,244</u>	<u>25,295,643</u>	<u>—</u>	<u>—</u>	<u>25,295,643</u>	<u>27,110,974</u>
Total expenses	<u>40,637,818</u>	<u>44,933,938</u>	<u>85,571,756</u>	<u>—</u>	<u>—</u>	<u>85,571,756</u>	<u>89,062,068</u>
Support and revenues over (under) expenses	263,458	(249,177)	14,281	1,473,146	1,916,329	3,403,756	7,831,009
Investment return (loss) in excess of endowment payout	<u>(2,224,337)</u>	<u>—</u>	<u>(2,224,337)</u>	<u>(870,506)</u>	<u>1,069,977</u>	<u>(2,024,866)</u>	<u>(39,794,764)</u>
Increase (decrease) in net assets	(1,960,879)	(249,177)	(2,210,056)	602,640	2,986,306	1,378,890	(31,963,755)
Net assets – beginning of year	<u>126,033,607</u>	<u>10,711,058</u>	<u>136,744,665</u>	<u>34,158,674</u>	<u>112,662,690</u>	<u>283,566,029</u>	<u>315,529,784</u>
Net assets – end of year	\$ <u>124,072,728</u>	<u>10,461,881</u>	<u>134,534,609</u>	<u>34,761,314</u>	<u>115,648,996</u>	<u>284,944,919</u>	<u>283,566,029</u>

See accompanying notes to financial statements.

**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Statement of Cash Flows

Year ended September 30, 2009

(with summarized information for the year ended September 30, 2008)

	<b>Total nonappropriated funds</b>	<b>Appropriated funds</b>	<b>2009 Total</b>	<b>2008 Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from operating activities:				
Receipts from federal appropriation	\$ —	47,260,000	47,260,000	45,496,000
Payments for federal rescissions	—	—	—	(709,737)
Canceled appropriation returned to U.S. Treasury	—	(410,036)	(410,036)	(556,326)
Receipts from contributions	18,975,575	—	18,975,575	26,699,199
Receipts from membership activities	9,490,749	—	9,490,749	10,468,822
Receipts from investments	5,093,380	—	5,093,380	6,564,908
Receipts from museum shop, royalties, miscellaneous receipts	3,234,938	—	3,234,938	2,546,952
Payments for wages and benefits	(19,798,138)	(21,637,245)	(41,435,383)	(39,717,979)
Payments for consultants, advisors, and others	(17,024,729)	(19,952,708)	(36,977,437)	(39,793,701)
Payments for stipends, honoraria and grants	(853,762)	—	(853,762)	(1,069,310)
Payments for collections	(4,531)	—	(4,531)	(43,315)
Net cash provided by operating activities	<u>(886,518)</u>	<u>5,260,011</u>	<u>4,373,493</u>	<u>9,885,513</u>
Cash flows from investing activities:				
Capital expenditures	(1,664,285)	(2,538,963)	(4,203,248)	(6,065,867)
Purchase of investments	(59,914,724)	—	(59,914,724)	(46,200,817)
Sale of investments	58,819,420	—	58,819,420	37,924,056
Net cash used in investing activities	<u>(2,759,589)</u>	<u>(2,538,963)</u>	<u>(5,298,552)</u>	<u>(14,342,628)</u>
Cash flows from financing activities:				
Permanently restricted contributions	3,232,477	—	3,232,477	1,188,487
Net cash provided by financing activities	<u>3,232,477</u>	<u>—</u>	<u>3,232,477</u>	<u>1,188,487</u>
Net increase (decrease) in cash	(413,630)	2,721,048	2,307,418	(3,268,628)
Cash and fund balance with treasury – beginning of year	1,275,630	11,398,519	12,674,149	15,942,777
Cash and fund balance with treasury – end of year	<u>\$ 862,000</u>	<u>14,119,567</u>	<u>14,981,567</u>	<u>12,674,149</u>
Reconciliation of change in net assets to net cash provided by operating activities:				
Increase (decrease) in net assets	\$ 1,628,067	(249,177)	1,378,890	(31,963,755)
Adjustments to reconcile net income to net cash provided by operating activities:				
Museum depreciation	2,724,056	1,140,309	3,864,365	4,034,736
Equipment depreciation	885,915	441,152	1,327,067	283,855
Exhibition amortization	1,146,066	1,132,176	2,278,242	1,432,495
Realized/unrealized losses on investments	(2,482,717)	—	(2,482,717)	36,947,123
Contributions of permanently restricted net assets	(3,232,477)	—	(3,232,477)	(1,188,487)
Change in assets and liabilities:				
(Increase) decrease in contributions receivable, net	2,828,036	—	2,828,036	(4,459,673)
Increase in other assets	(202,351)	(8,236)	(210,587)	(108,178)
Increase (decrease) in unexpended appropriation	—	3,363,246	3,363,246	(1,482,832)
Increase (decrease) in accounts payable and accrued liabilities	318,887	(559,459)	(240,572)	1,890,229
Increase in deferred revenues	(4,500,000)	—	(4,500,000)	4,500,000
Net cash (used) provided by operating activities	<u>\$ (886,518)</u>	<u>5,260,011</u>	<u>4,373,493</u>	<u>9,885,513</u>

See accompanying notes to financial statements.

# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

## (1) Organization and Purpose

### (a) *Organization and Governance*

The United States Holocaust Memorial Council (the Museum) was created as an independent Federal establishment by Public Law 96-388 on October 7, 1980, for the purposes of providing appropriate ways for the nation to commemorate the Days of Remembrance; planning, constructing, and overseeing the operation of a permanent memorial museum for the victims of the Holocaust; and developing a plan for carrying out the recommendations made in the Report to the President of the United States by the President's Commission on the Holocaust, dated September 27, 1979. The U.S. Congress changed the name from "Council" to "Museum" and permanently authorized the United States Holocaust Memorial Museum by Public Law 106-292 (36 U.S.C. 2301, et. seq.) on October 12, 2000, designating the Museum as an independent establishment of the United States Government.

The Museum is governed by 65 voting members and three nonvoting *ex officio* members (the Members). Fifty-five voting Members are appointed by the President of the United States, five are appointed by the Speaker of the U.S. House of Representatives from among Members of the U.S. House of Representatives, and five are appointed by the President Pro Tempore of the U.S. Senate, upon the recommendation of the majority and minority leaders, from among Members of the U.S. Senate. One nonvoting Member is appointed by each of the Secretaries of the Interior, State, and Education departments. Members serve a term of five years or, in the case of Members of Congress, until the end of the term of Congress.

The Museum receives an annual Federal appropriation (see Appropriated Funds – note 8) and was authorized by statute (36 U.S.C. Section 2307) to raise private funds (the non-appropriated Funds) to aid or facilitate the operation and maintenance of the Museum. These financial statements present the financial position, activities, and cash flows of both the appropriated funds and the non-appropriated funds of the Museum.

### (b) *Tax-Exempt Status*

The Museum is exempt from Federal taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) of 1986 and, further, is a publicly supported entity as defined by the Code.

## (2) Summary of Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Museum's financial statements are presented in accordance with FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

The statement of financial activity includes certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

(Continued)

# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

Significant accounting policies followed are summarized below:

**(a) Cash and Fund Balance with Treasury**

Cash for non-appropriated funds consists of amounts held in financial institutions for day to day operations. Fund balance with Treasury for appropriated funds consists of funds held by the U.S. Department of Treasury.

**(b) Investments**

Investments are reported at fair value, with gains and losses included in the statement of activities. Short and long-term investments represent donated securities and the investment of endowment funds.

Short-term investments include money market funds and government securities with maturities of less than one year, consistent with the cash management policy of the Museum. Certain liquid investments are considered noncurrent assets, as they are restricted or intended to be held for long-term purposes.

The whole endowment, consisting of the board-designated and real endowments, is pooled for investment purposes. The endowment pays out an amount for annual support of operations and an amount allowed to be spent for specific purposes based on the trailing 12-quarter fair value averages as calculated using data through June 30th of the preceding year. The difference between the total return on the endowment (i.e., dividends, interest, and net gain or loss) and the current payout is reported as nonoperating income or loss in the statement of activities as investment return (loss) adjusted for the endowment payout.

**(c) Contributions**

Unrestricted contributions are recorded as unrestricted support in the period received. Unrestricted contributions with payments due in future periods are initially recorded as temporarily restricted support due to inherent time restrictions. Once the contribution becomes due, the temporarily restricted net assets are reclassified to unrestricted net assets and are included in net assets released from time restrictions in the accompanying statement of activities.

Contributions that are restricted for certain programs are initially recorded as temporarily restricted support when received. When donor restrictions are met, the temporarily restricted net assets are reclassified to unrestricted net assets and are included in net assets released from program restrictions in the accompanying statement of activities. Temporarily restricted contributions received during the year for which the restrictions are met during the same year are recorded as both temporarily restricted contributions and net assets released from program restrictions in the accompanying statement of activities.

Permanently restricted contributions are contributions restricted by donors for the Museum's real endowment and are recorded as permanently restricted support in the year received in the accompanying statement of activities.

(Continued)

# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

**(d) Membership**

Membership dues are considered contributions and are recognized as revenue in the period received. As such, total fundraising costs include both membership development and fundraising expenses.

**(e) Split-Interest Agreements**

Split-interest agreements with donors consist of charitable gift annuities and interest in perpetual trusts. For charitable gift annuities, the assets are recognized at fair value at the date of the annuity agreements. An annuity liability is recognized for the present value of future cash flows expected to be paid to the donor or the donor's designee and contribution revenues are recognized equal to the difference between the assets and the annuity liability. Liabilities are adjusted during the term of the annuities for payments, accretion of discounts and changes in life expectancies. The Museum uses the historical Internal Revenue Service discount rates and tables compiled from the Office of the Actuary of the Social Security Administration for life expectancies.

The interest in perpetual trusts are included in contributions receivable at the present value of the estimated future benefits to be received when the trust's assets are distributed. Contribution revenue is recognized when the Museum is first made aware of their irrevocable interest in a perpetual trust. The receivable is adjusted during the term of the trust for the accretion of discounts, revaluation of the present value of the estimated future payments, and changes in life expectancies. These changes are reported as contribution revenue.

**(f) Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted to their present value. Conditional promises to give are not recognized in the accompanying financial statements until the conditions have been met.

An allowance for uncollectible contributions is provided based on management's evaluation of potential uncollectible contributions receivable at year-end. The allowance is based on historical data and is applied as a percentage of new receivables. Changes in the allowance for uncollectible contributions are recorded as bad debt expense.

**(g) Other Assets**

Other assets consist primarily of prepayments and inventory from the Museum bookstore (the Museum Shop). The Museum Shop sells Holocaust-related educational materials, such as books and videotapes, to the public. The Museum Shop's inventory was \$294,313 and \$199,439 as of September 30, 2009 and 2008, respectively, and is valued at the lower of cost or market using the first-in, first-out inventory valuation method.

(Continued)

# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

**(h) *Property and Equipment***

Furniture and equipment are stated at cost. Depreciation is computed using the straight-line method. Estimated useful lives are three years for computer equipment and five years for furniture and other equipment. The threshold for capitalization for nonexpendable property is \$25,000, renovations and improvements, \$50,000 and exhibitions, \$500,000.

The Museum opened to the public on April 26, 1993. All costs associated with the construction of the Museum, including payments to construction contractors, architect's fees, excavation costs, direct materials and labor, Museum construction management, and interest were capitalized. All interest incurred on borrowed funds through April 26, 1993, was capitalized because the funds were specifically borrowed for the construction of the Museum. On April 26, 1993, depreciation on the Museum commenced and is computed on the straight line basis over 40 years. The Exhibitions include the cost to design and construct the permanent exhibition and temporary exhibitions. The permanent exhibition is being depreciated on the straight line basis over 30 or 40 years and the temporary exhibitions are amortized on a straight line basis over the life of the exhibition. Renovations and improvements are recorded and depreciated on a straight line basis over 10 years.

The land on which the Museum has been constructed as well as an administrative building are titled in the name of the U.S. Government and are not reflected in the accompanying financial statements. The Museum reserves administrative jurisdiction over the property for as long as it is used to carry out the mission of the Museum. The Museum has use of this land and building rent-free in perpetuity.

**(i) *Collections***

The Museum acquires its collections, which include works of art, artifacts, archives, film and video, oral history, and historical treasures, by purchase or by donation. All collections are held for public exhibition, education, or research. The Museum's collection policy includes guidance on the preservation, care, and maintenance of the collections and procedures related to the accession/deaccession of collections items.

In conformity with the practice generally followed by museums, no value is assigned to the collections in the statement of financial position. Purchases of collection items are recognized as reductions in unrestricted net assets in the period of acquisition. Proceeds from deaccessions of collection items are recognized as increases in the appropriate net asset class and are designated for future collection acquisitions.

**(j) *Accrued Vacation***

The Museum records an expense and related liability for vacation earned and unpaid at the end of year for appropriated and non-appropriated employees. This liability is reflected in accounts payable and accrued expenses in the accompanying statement of financial position.

(Continued)

# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

**(k) *Net Assets***

The Museum classifies non-appropriated net assets into three categories: unrestricted, temporarily restricted, or permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by time. Temporarily restricted net assets are contributions with temporary, donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period. Temporarily restricted net assets become unrestricted when the time restrictions expire and/or the funds are used for their restricted purposes and are reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets represent donor-restricted endowments to be held in perpetuity. Some donors require the Museum to reinvest all income earned on investments in the permanently restricted endowment fund, with only the payout, based on the Museum's payout policy, available for expenditure.

**(l) *Appropriated Funds***

The Museum receives an annual appropriation from Congress. Appropriations are used to fund certain Museum expenditures, as determined by the Museum and implemented by management, in conformity with the Museum's congressional mandate. Federal appropriation revenues are classified as unrestricted and are recognized as revenue as expenditures are incurred.

**(m) *Non-Appropriated Funds***

The non-appropriated funds reflect the receipts and expenditures of funds obtained from private sources through various fundraising and membership efforts, investment income, and certain revenue-producing activities related to the operations of the Museum.

**(n) *Imputed Financing Source***

The Museum recognizes the cost of pensions and Federal retirement benefits for its Federal employees during their active years of service, even though these costs will ultimately be paid by the Office of Personnel Management. An imputed financing source is recognized equal to this imputed cost in the Statement of Activities.

**(o) *Use of Estimates***

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)



# UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Financial Statements

September 30, 2009

(with comparative information as of and for the year ended September 30, 2008)

**(p) *Fair Value of Financial Instruments***

The Museum's financial instruments consist of cash, contributions receivable, investments, accounts payable, and accrued liabilities. The carrying amount of the cash, contributions receivable, accounts payable, and accrued liabilities approximated their fair values. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates.

The Museum adopted FASB ASC 820-10-35 on October 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The fair value of a financial instrument is the amount 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 assuming the transaction occurs in the entity's principle (or most advantageous) market.

The Museum investments include a significant number of investment funds whose fair market values, as a practical expedient, are reported with the use of a net asset value (NAV) methodology, permitted by FASB Accounting Standards Update 2009-12. These funds calculate NAV and operate in all material respects in conformance with AICPA applicable guidelines for investment companies.

For those investments which are valued based on manager reported net asset values, the Museum applies methods and procedures to assess valuation including reviewing pricing techniques utilized by the individual managers, comparing fund performance to relevant market indexes, and evaluating the pricing methods and models utilized by the fund manager. In addition, the members of the Museum's Investment Committee are independent experts in the investment field who provide oversight in the selection and ongoing monitoring of investments.

**(q) *Reclassifications***

Certain prior year balances have been reclassified to conform to the current year presentation.

**(r) *Recently Issued Accounting Standards***

FASB ASC 740-10-25 requires that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold for positions taken or expected to be taken in a tax return. FASB has deferred the effective date under FASB ASC 740-10-65 for nonpublic entities that have not already issued a complete set of U.S. GAAP annual financial statements fully reflecting these requirements and are not consolidated entities of a public entity that applies U.S. GAAP. This guidance will be required to be adopted for the fiscal year ended September 30, 2010. The Museum's accounting policy for evaluating uncertain tax positions is to recognize tax positions if they are probable of being ultimately realized. The Museum does not believe there are any unrecognized tax benefits or liabilities that should be recorded.

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**(3) Fund Balance with Treasury**

	<u>2009</u>	<u>2008</u>
Fund balance:		
General funds	\$ 14,119,567	11,398,519
Status of fund balance with treasury:		
Unobligated balance:		
Available	4,342,425	2,807,411
Unavailable	896,947	1,094,707
Obligated not yet disbursed	<u>8,880,195</u>	<u>7,496,401</u>
Total	<u>\$ 14,119,567</u>	<u>11,398,519</u>

**(4) Investments and Fair Value Measurements**

Investments are professionally managed by outside investment organizations subject to direction and oversight by the Investment Committee of the Museum. The Museum has established investment policies and guidelines that provide for asset allocation and performance objectives.

Short-term investments, at fair value at September 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Money market funds	\$ 259,300	1,046,687
Donated stock	<u>171</u>	<u>18</u>
	<u>\$ 259,471</u>	<u>1,046,705</u>

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Long-term investments, at fair value at September 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Investments:		
Portfolio cash	\$ 4,535,408	10,387,476
Domestic equities	52,427,832	58,122,201
International and global equities	37,402,690	35,105,749
Fixed income	46,968,101	42,295,726
Multi-strategy funds	20,113,645	17,998,794
Distressed credit funds	9,496,401	2,054,812
U.S. Treasury securities	—	1,108,312
State of Israel Bonds	750,674	1,849,657
Gift annuity program investments:		
Portfolio cash	101,755	32,069
Domestic equities and fixed income	4,406,875	2,883,330
	<u>\$ 176,203,381</u>	<u>171,838,126</u>

Total operating and non-operating investment income/(loss) for the years ended September 30, 2009 and 2008 is summarized below:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 3,820,332	4,920,062
Net realized loss	(19,268,835)	(2,203,707)
Net unrealized gain/(loss)	22,146,696	(34,147,019)
Investment management fees	(395,144)	(596,398)
Net investment income/(loss)	<u>\$ 6,303,049</u>	<u>(32,027,062)</u>
Endowment payout	\$ 8,327,915	7,767,702
Investment return in excess of endowment payout	(2,024,866)	(39,794,764)
Net investment income/(loss)	<u>\$ 6,303,049</u>	<u>(32,027,062)</u>

As described in footnote 2, the Museum applied the concepts of FASB ASC 820-10-35 which establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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- Level 1: Quoted prices in active markets for identical assets or liabilities. This level generally includes domestic equities, international and global equities, fixed income securities, and State of Israel bonds that are traded in an active exchange market.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. This level includes fixed income securities with quoted market prices that are traded less frequently than exchange-traded instruments. In addition, this category generally includes holdings which cannot be liquidated daily including domestic equities, international and global equities, and distressed credit funds.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This level generally includes multi-strategy funds, distressed credit funds, and interests in perpetual trusts.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2009:

	<b>Fair Value as of September 30, 2009</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investments:</b>				
Portfolio cash	\$ 4,535,408	4,535,408	—	—
Domestic equities	52,427,832	30,204,704	22,223,128	—
International and global equities	37,402,690	—	24,850,426	12,552,264
Fixed income	46,968,101	37,571,143	2,318,119	7,078,839
Multi-strategy funds	20,113,645	—	—	20,113,645
Distressed credit funds	9,496,401	—	3,423,735	6,072,666
State of Israel Bonds	750,674	750,674	—	—
<b>Gift annuity program investments:</b>				
Portfolio cash	101,755	101,755	—	—
Domestic equities and fixed income	4,406,875	—	4,406,875	—
Interest in perpetual trusts - included in contributions receivable	969,153	—	—	969,153
	<u>\$ 177,172,534</u>	<u>73,163,684</u>	<u>57,222,283</u>	<u>46,786,567</u>

The methods and assumptions that were used to estimate the fair value of each class of financial instrument are defined in note 2.

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The following table presents the Museum's activity for Level 3 assets measured at fair value on a recurring basis for the year ended September 30, 2009:

	<b>Fixed Income</b>	<b>International and Global Equity</b>	<b>Multi- Strategy Funds</b>	<b>Distressed Credit Funds</b>	<b>Interest in perpetual trusts</b>	<b>Total</b>
Assets:						
Beginning balance						
October 1, 2008	\$ 3,154,734	10,529,381	17,998,794	2,054,812	590,913	34,328,634
Total gains and losses included in changes in net assets:						
Dividend and interest income	253,789	66,731	—	200,536	—	521,056
Net realized and unrealized losses	870,316	(43,848)	839,851	869,293	—	2,535,612
Purchases, sales, issuances, settlements	<u>2,800,000</u>	<u>2,000,000</u>	<u>1,275,000</u>	<u>2,948,025</u>	<u>378,240</u>	<u>9,401,265</u>
Ending balance						
September 30, 2009	\$ <u>7,078,839</u>	<u>12,552,264</u>	<u>20,113,645</u>	<u>6,072,666</u>	<u>969,153</u>	<u>46,786,567</u>

The Museum is obligated under terms of certain limited partnership agreements to remit additional funding periodically as capital calls are exercised. At September 30, 2009, the Museum had uncalled commitments of \$300,000 due October 2009.

The limitations and restrictions on the Museum's ability to redeem or sell these investments vary by investment and range for such funds. Based upon the terms and conditions in effect at September 30, 2009, \$17.1 million of the Museum's multi-strategy and distressed credit funds reported in Level 3 can be redeemed or sold within one year, \$6.1 million within three years, and \$2.9 million within four years.

**(5) Split-Interest Agreements**

Split-interest agreements are approximately \$4.5 million and \$2.9 million for charitable gift annuities in 2009 and 2008, respectively. These investments are recognized at fair value using quoted market prices. An annuity liability for approximately \$2,675,000 and \$1,807,000 in 2009 and 2008, respectively, is reflected as long term liabilities and represents the present value of future cash flows expected to be paid to the donor or the donor's designee. The revenue and change in value of split-interest agreements recognized for charitable gift annuities was \$909,044 and (\$183,237) in 2009 and \$137,859 and (\$180,737) in 2008.

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**(6) Contributions Receivable**

Contributions receivable in the accompanying statement of financial position as of September 30, 2009 and 2008 included the following unconditional promises to give:

	<u>2009</u>	<u>2008</u>
Amounts due in:		
Less than one year	\$ 2,921,226	9,106,888
One to five years	18,270,088	15,929,124
More than five years	<u>2,348,857</u>	<u>1,071,617</u>
Subtotal	23,540,171	26,107,629
Less:		
Allowance for doubtful accounts	(1,070,765)	(1,233,458)
Discount to present value (1.6% – 4.9%)	<u>(1,356,918)</u>	<u>(933,647)</u>
	<u>\$ 21,112,488</u>	<u>23,940,524</u>

**(7) Property and Equipment**

At September 30, 2009 property and equipment consisted of the following:

	<u>Non appropriated funds</u>	<u>Appropriated funds</u>	<u>Total</u>
Buildings and capital improvement	\$ 108,896,449	15,663,862	124,560,311
Furniture and equipment	6,562,342	8,801,284	15,363,626
Exhibitions	30,105,748	10,327,375	40,433,123
Leasehold improvements	<u>1,552,103</u>	<u>63,505</u>	<u>1,615,608</u>
Total	147,116,642	34,856,026	181,972,668
Less accumulated depreciation	<u>(65,217,207)</u>	<u>(22,970,429)</u>	<u>(88,187,636)</u>
Total property and equipment	<u>\$ 81,899,435</u>	<u>11,885,597</u>	<u>93,785,032</u>

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At September 30, 2008 property and equipment consist of the following:

	<b>Non appropriated funds</b>	<b>Appropriated funds</b>	<b>Total</b>
Buildings and capital improvement	\$ 108,896,449	14,843,832	123,740,281
Furniture and equipment	6,700,515	8,698,593	15,399,108
Exhibitions	28,604,747	9,117,404	37,722,151
Leasehold improvements	1,574,110	63,505	1,637,615
	<hr/>	<hr/>	<hr/>
Total	145,775,821	32,723,334	178,499,155
Less accumulated depreciation	(60,784,634)	(20,663,063)	(81,447,697)
	<hr/>	<hr/>	<hr/>
Total property and equipment	\$ <u>84,991,187</u>	<u>12,060,271</u>	<u>97,051,458</u>

**(8) Appropriated Funds**

The fiscal year 2009 and 2008 Federal appropriations totaled \$47,260,000 and \$44,786,263, which includes appropriations of \$1,264,000 and \$1,244,282 for exhibition development and production and \$1,900,000 and \$1,870,360, respectively, for building repair and rehabilitation, to be used by the Museum until expended. In fiscal year 2009 and 2008, the Museum received additional funding for a three year appropriation in the amount of \$515,000 and \$506,966, respectively, to be used for equipment replacement.

Below is a reconciliation of the fiscal year 2009 and 2008 Federal appropriations received to Federal appropriations expended:

	<b>2009</b>	<b>2008</b>
Federal appropriation (net of rescissions)	\$ 47,260,000	44,786,263
Cancelled authority	(48,269)	—
Unexpended appropriation – current year	(8,669,362)	(5,252,880)
Amounts obligated in previous years – expended in current year	4,896,080	6,179,385
	<hr/>	<hr/>
Federal appropriation revenue	\$ <u>43,438,449</u>	<u>45,712,768</u>

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Below is a reconciliation of the spending of the fiscal year 2009 and 2008 appropriations:

	<u>2009</u>	<u>2008</u>
Total expenses	\$ 44,933,938	45,753,851
Depreciation and amortization	(2,713,637)	(1,996,573)
Unpaid vacation and other unfunded expenses	(1,320,815)	(1,311,822)
Unexpended appropriation – current year	8,669,362	5,252,880
Amounts obligated in previous years – expended in current year	(4,896,080)	(6,179,385)
Cancelled authority	48,269	—
Capital expenditures	<u>2,538,963</u>	<u>3,267,312</u>
Federal appropriation	\$ <u><u>47,260,000</u></u>	<u><u>44,786,263</u></u>

**(9) Commitments and Contingencies**

The Museum has leases for regional offices, warehouses, and additional office space. These leases expire at various dates through 2017. Annual minimum lease payments due under operating leases in effect at September 30, 2009 are summarized as follows:

2010	\$ 2,515,513
2011	2,128,353
2012	2,123,160
2013	2,113,916
2014	2,146,313
Thereafter	<u>6,337,283</u>
	\$ <u><u>17,364,538</u></u>

Rent expense for fiscal year 2009 and 2008 was \$2,664,682 and \$3,012,836, respectively. This amount was comprised of appropriated funds and non-appropriated funds of \$2,354,781 and \$309,901 and \$2,468,774 and \$544,062, in 2009 and 2008, respectively.

**(10) Retirement Plans**

Although the Museum funds a portion of the pension benefits for its appropriated fund employees under the Civil Service Retirement System and the Federal Employees Retirement System (the Systems) and makes the necessary payroll withholdings from them, the Museum is not required to disclose the Systems' assets or the actuarial data with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting such amounts is the direct responsibility of the United States Office of Personnel Management (OPM). The Museum's expense for these appropriated plans in fiscal year 2009 and 2008 was \$2,657,080 and \$2,569,818, respectively.

The Museum recognizes the cost of pensions and other retirement benefits during its employees' active years of service. OPM determines pension cost factors by calculating the value of pension benefits

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expected to be paid in the future, and communicates these factors to the Museum for current period expense reporting. OPM also provides cost factors regarding the full cost of health and life insurance benefits. In fiscal year 2009 and 2008, the Museum, utilizing OPM's cost factors, recognized \$210,282 and \$177,741 of pension expenses, \$1,033,202 and \$960,480 of postretirement health benefits expenses, and \$2,828 and \$2,802, respectively, of post-retirement life insurance expenses, beyond amounts actually paid. The Museum recognized offsetting revenue of \$1,246,312 and \$1,141,023 in 2009 and 2008, respectively, as an imputed financing source to the extent these intragovernmental expenses will be paid by OPM.

The Museum sponsors a defined contribution salary deferral 403(b) plan for its non-appropriated fund employees. Starting January 1, 2007, the Museum contributes 8% of annual pay for each eligible employee. In addition, the Museum matches 100% of the participant contributions up to 4% of annual pay. The Museum's expense for the 403(b) plan in 2009 and 2008 was \$1,384,389 and \$1,408,347, respectively.

### **(11) Federal Employees' Compensation Act Actuarial Liability**

The Department of Labor (DOL) provided the Museum with the calculation model and ratios to determine this liability as of September 30, 2009 and 2008. The Museum recognizes the actuarial cost of future Federal Employees' Compensation Act (FECA) benefits. The estimated FECA actuarial liability represents the expected liability of benefits to be paid for death, disability, medical, and miscellaneous costs for approved compensation cases beyond the current fiscal year plus a component for incurred but not reported claims. The estimated future costs are regarded as a liability because neither the costs nor the reimbursements have been recognized by DOL.

The actuarial calculation takes the amount of Museum benefit payments over the last 12 quarters, and calculates the annual average of payments for medical expenses and compensation. This average is then multiplied by the liability-to-benefits-paid ratios for the Government-wide FECA program for fiscal year 2009 and 2008. The fiscal year 2009 and 2008 appropriated actuarial liability is \$115,888 and \$65,522, and the fiscal year 2009 and 2008 non-appropriated actuarial liability is \$364,953 and \$357,330, respectively.

The FECA actuarial liability is recorded for financial reporting purposes only. This liability constitutes an extended future estimate of cost which will not be obligated against budgetary resources until the fiscal year in which DOL actually bills the cost to the Museum. The cost associated with this liability cannot be met by the Museum without further appropriation action.

An unfunded liability is recorded for future payments to be made for workers' compensation pursuant to FECA. The liability consists of the un-reimbursed cost paid by DOL for compensation paid to recipients under FECA. The costs incurred are reflected as a liability because the Museum will reimburse DOL two years after the payment of expenses by DOL. Future museum appropriated and non-appropriated funds will be used to reimburse DOL for appropriate payments. The fiscal year unfunded liability for the Museum's appropriated and non-appropriated fund employees is \$18,271 and \$4,176, \$4,230 and \$200 in 2009 and 2008, respectively.

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**(12) Temporarily Restricted Net Assets**

Temporarily restricted net assets at September 30, 2009 and 2008 are available for the following programs or periods:

	<b>2009</b>	<b>2008</b>
Contributions to be received in future periods – for general use	\$ 3,807,887	4,080,448
Secure the Future	4,884,667	4,007,828
National Institute for Holocaust Education	10,758,090	9,235,408
Rescue the Evidence	5,634,791	6,417,265
Center for Advanced Holocaust Studies	7,976,750	8,907,725
Committee on Conscience	1,699,129	1,510,000
Total temporarily restricted net assets	\$ 34,761,314	34,158,674

**(13) Permanently Restricted Net Assets**

At September 30, 2009 and 2008 permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support the following purposes:

	<b>2009</b>	<b>2008</b>
Secure the Future	\$ 80,196,051	79,324,704
National Institute for Holocaust Education	12,513,707	10,363,670
Rescue the Evidence	1,758,234	1,757,234
Center for Advanced Holocaust Studies	18,287,068	18,650,557
Committee on Conscience	2,893,936	2,566,525
Total permanently restricted net assets	\$ 115,648,996	112,662,690

**(14) Contributed Services**

In-kind contributions of goods and services totaling \$27,166 and \$31,526 were received by the Museum during the fiscal years ended September 30, 2009 and 2008, respectively. This amount has been recognized as revenue and expense in the accompanying statement of activities. In addition to the contributed services recognized in the financial statements, the Museum has more than 650 volunteers, including 95 Holocaust survivors, donating more than 38,000 hours annually. The value of these contributions is not susceptible to objective measurement and does not meet the criteria for recognition of in-kind contributions and, accordingly, is not recognized in the financial statements.

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**(15) Endowment**

On January 23, 2008, the District of Columbia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which defines a robust set of guidelines about what constitutes prudent spending of endowment funds. The Museum, as an independent establishment of the United States Government, has constitutional immunity from regulation by states as conferred by the Supremacy Clause of the Constitution and as such is not subject to and has not adopted the provisions of UPMIFA.

In response to the UPMIFA legislation adopted by many states, the Financial Accounting Standards Board (FASB) issued FASB ASC 958-205-50-1A *Reporting Endowment Funds* which provides guidance on the net asset classification of donor restricted endowment funds for organizations that are subject to an enacted version of UPMIFA, which the Museum is not, and requires disclosures for all not-for-profit organizations regarding donor-restricted and board designated endowment funds.

The Museum's endowment consists of approximately 54 individual funds established for a variety of purposes including donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at September 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 3,008,182	7,681,838	109,961,174	120,651,194
Funds functioning as endowment	50,808,610	—	—	50,808,610
Total	<u>\$ 53,816,792</u>	<u>7,681,838</u>	<u>109,961,174</u>	<u>171,459,804</u>

Endowment net assets consist of the following at September 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 2,940,300	8,552,344	105,658,720	117,151,364
Funds functioning as endowment	46,863,709	—	—	46,863,709
Total	<u>\$ 49,804,009</u>	<u>8,552,344</u>	<u>105,658,720</u>	<u>164,015,073</u>

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Changes in endowment net assets for the year ended September 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2008	\$ 49,804,009	8,552,344	105,658,720	164,015,073
Investment return:				
Investment income	2,394,181	515,546	325,262	3,234,989
Net appreciation/(depreciation)	<u>1,676,639</u>	<u>5,162</u>	<u>1,395,668</u>	<u>3,077,469</u>
Total investment return	4,070,820	520,708	1,720,930	6,312,458
Contributions	—	—	3,232,477	3,232,477
Payout of endowment assets for expenditure	(6,285,748)	(1,391,214)	(650,953)	(8,327,915)
Additions to Board Designated	<u>6,227,711</u>	—	—	<u>6,227,711</u>
Endowment net assets, September 30, 2009	\$ <u>53,816,792</u>	<u>7,681,838</u>	<u>109,961,174</u>	<u>171,459,804</u>

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Changes in endowment net assets for the year ended September 30, 2008 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2007	\$ 74,314,213	15,793,838	101,218,735	191,326,786
Investment return:				
Investment income	3,288,242	736,192	449,332	4,473,766
Net appreciation/(depreciation)	(26,641,364)	(6,683,894)	881,223	(32,444,035)
Total investment return	(23,353,122)	(5,947,702)	1,330,555	(27,970,269)
Contributions	—	—	3,669,195	3,669,195
Payout of endowment assets for expenditure	(5,914,145)	(1,293,792)	(559,765)	(7,767,702)
Additions to Board Designated	4,757,063	—	—	4,757,063
Endowment net assets, September 30, 2008	<u>\$ 49,804,009</u>	<u>8,552,344</u>	<u>105,658,720</u>	<u>164,015,073</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Museum to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$1,025,456 and \$1,607,825 as of September 30, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Council. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

***Return Objectives and Risk Parameters***

The Museum has adopted investment and spending policies that provide a predictable stream of funding to programs while maintaining the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period. Under these policies, as approved by the Museum's Council, endowment assets are invested in a manner to attain an average annual real return (net of management fees) of at least 5 percent, with adjustments for inflation (as measured by the CPI(U) index), over a period of five years. It is recognized that the real return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

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### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places emphasis on investments in equities, fixed income and multi-strategy and distressed credit funds in a 60, 30, and 10 percent ratio to achieve its long-term return objectives within prudent risk constraints.

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

The Museum has a policy of distributing each year 5% of its endowment funds' average fair value using the prior 12 quarters through June 30th preceding the fiscal year in which the distribution is planned. In establishing these policies, the Museum considered the expected return on its endowment. Accordingly, the Museum expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

### **(16) Risks and Uncertainties**

The Museum invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Schedule of Budgetary Resources – Appropriated Funds

Year ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Budgetary resources available to the museum:</b>		
Unobligated balance, brought forward, October 1	\$ 3,902,117	3,839,026
Recoveries of prior year unpaid obligations	349,009	401,674
Budgetary authority: appropriations received	47,260,000	45,496,000
Spending authority from offsetting collections – collected	42,228	4,673
Rescission – permanently not available	—	(709,737)
Canceled authority	(48,269)	—
Canceled appropriation – permanently not available	(410,036)	(556,326)
Total budgetary resources	<u>51,095,049</u>	<u>48,475,310</u>
<b>Status of budgetary resources:</b>		
Obligations incurred	45,855,677	44,573,193
Unobligated balance – available apportioned	4,342,425	2,807,411
Unobligated balance not available	896,947	1,094,706
Status of budgetary resources	<u>51,095,049</u>	<u>48,475,310</u>
<b>Change in obligated balance:</b>		
Obligated balances, net:		
Unpaid obligations, brought forward, October 1	7,496,401	8,487,017
Obligations incurred net	45,855,677	44,573,193
Less gross outlays	(44,122,875)	(45,162,135)
Less recoveries of prior year unpaid obligations, actual	(349,009)	(401,674)
Obligated balances, net, end of year	<u>8,880,194</u>	<u>7,496,401</u>
<b>Net outlays:</b>		
Gross outlays	44,122,875	45,162,135
Less offsetting collections	(42,228)	(4,673)
Net outlays	<u>\$ 44,080,647</u>	<u>45,157,462</u>

See accompanying independent auditors' report.



## UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Schedule of Net Cost – Appropriated Funds

Year ended September 30, 2009 and 2008

		<b>2009</b>		
		<b>Intra- governmental</b>	<b>Public</b>	<b>Total</b>
Program costs:				
Museum operations	\$	4,093,911	16,475,630	20,569,541
Center for Advanced Holocaust Studies		432,945	1,586,662	2,019,607
Museum and public programs		2,230,617	8,844,731	11,075,348
Outreach technology		412,370	3,538,828	3,951,198
Management and general		1,548,518	5,769,726	7,318,244
		<u>8,718,361</u>	<u>36,215,577</u>	<u>44,933,938</u>
Net cost of operations	\$	<u>8,718,361</u>	<u>36,215,577</u>	<u>44,933,938</u>
		<b>2008</b>		
		<b>Intra- governmental</b>	<b>Public</b>	<b>Total</b>
Program costs:				
Museum operations	\$	4,209,965	17,007,098	21,217,063
Center for Advanced Holocaust Studies		414,586	2,021,052	2,435,638
Museum and public programs		2,077,761	8,505,822	10,583,583
Outreach technology		439,016	3,473,548	3,912,564
Management and general		1,612,672	5,992,331	7,605,003
		<u>8,754,000</u>	<u>36,999,851</u>	<u>45,753,851</u>
Net cost of operations	\$	<u>8,754,000</u>	<u>36,999,851</u>	<u>45,753,851</u>

See accompanying independent auditors' report.

## UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Schedule of Changes in Net Position – Appropriated Funds

Year ended September 30, 2009 and 2008

	<u>2009</u>		<u>2008</u>	
	<u>Cumulative results of operations</u>	<u>Unexpended appropriations</u>	<u>Cumulative results of operations</u>	<u>Unexpended appropriations</u>
Beginning balances	\$ 10,711,058	8,219,606	9,611,118	9,702,437
Budgetary financing sources:				
Appropriations received (current period)	—	47,260,000	—	45,496,000
Canceled authority	—	(48,269)	—	—
Rescission - permanently unavailable	—	—	—	(709,737)
Canceled expired appropriations	—	(410,036)	—	(556,326)
Appropriations used	43,438,449	(43,438,449)	45,712,768	(45,712,768)
Other financing resources:				
Imputed financing from costs absorbed by others	1,246,312	—	1,141,023	—
Total financing sources	<u>44,684,761</u>	<u>3,363,246</u>	<u>46,853,791</u>	<u>(1,482,831)</u>
Total	55,395,819	11,582,852	56,464,909	8,219,606
Net cost of operations	<u>44,933,938</u>	<u>—</u>	<u>45,753,851</u>	<u>—</u>
Ending balances	<u>\$ 10,461,881</u>	<u>11,582,852</u>	<u>10,711,058</u>	<u>8,219,606</u>

See accompanying independent auditors' report.

**UNITED STATES HOLOCAUST MEMORIAL MUSEUM**

Schedule Reconciling Net Cost of Operations to Budget – Appropriated Funds

Year ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Total resources used to finance activities:		
Obligations, offsetting receipts, imputed financing sources	\$ 46,710,751	45,307,869
Change in budgetary resources obligated for goods and services	(2,025,648)	1,544,269
Resources that finance the acquisition of capital assets	<u>(2,538,963)</u>	<u>(3,267,312)</u>
Total resources used to finance the net cost of operations	<u>42,146,140</u>	<u>43,584,826</u>
Components requiring or generating resources in future periods:		
Annual leave liability increase	10,095	155,532
Unfunded FECA, NonBudgetary Receivables, Actuarial FECA	64,066	16,920
Components not requiring or generating resources:		
Depreciation and amortization	<u>2,713,637</u>	<u>1,996,573</u>
Total components of the net cost of operations that will not require or generate resources in the current period	<u>2,787,798</u>	<u>2,169,025</u>
Net cost of operations	<u>\$ 44,933,938</u>	<u>45,753,851</u>

See accompanying independent auditors' report.

## UNITED STATES HOLOCAUST MEMORIAL MUSEUM

## Schedule of Claims Conference Payments

Year ended September 30, 2009

<u>Grant award</u>	<u>Payments</u>
162-30448-9	\$ 1,616
192-30448-11	3,170
222-30448-16	110,817
252-30448-18	389,171
252-30448-19	18,525
SO228-7730	242,365
SWVLP-8135	329,844
Fiscal year 2009 payments to USHMM	\$ <u>1,095,508</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS**



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Auditors' Report on Internal Control over Financial Reporting

### Council Members

United States Holocaust Memorial Museum:

We have audited the statements of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2009, and the related statement of activities, and cash flows (hereinafter referred to as financial statements) for the year then ended, and have issued our report thereon dated November 16, 2009.

The Museum applied the enhanced recognition and disclosure provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* and FASB ASC 958-205, *Other Presentation Matters*, as of October 1, 2008.

We conducted our audit 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 Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Museum is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2009 audit, we considered the Museum's internal control over financial reporting by obtaining an understanding of the Museum's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. To achieve this purpose, we did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

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 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. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



In our fiscal year 2009 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above. Exhibit I presents the status of the prior year material weakness.

The Museum's response to the finding identified in our prior year audit is presented in Exhibit I. We did not audit the Museum's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Museum's management, Council Members, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

November 16, 2009

**Independent Auditors' Report on  
Internal Control over Financial Reporting Exhibit I – Prior Year Finding**

<b>Prior Year Condition</b>	<b>As reported at September 30, 2008</b>	<b>Status as of September 30, 2009</b>
Financial Reporting over permanent exhibit, permanently restricted net assets, and federal equity	<b><u>Material Weakness:</u></b> There were internal control weaknesses over financial reporting identified specific to the application of accounting policies for the permanent exhibit, permanently restricted net assets, and federal equity.	No longer considered a material weakness.





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## **Independent Auditors' Report on Compliance and Other Matters**

### Council Members

United States Holocaust Memorial Museum:

We have audited the statements of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2009, and the related statement of activities, and cash flows (hereinafter referred to as financial statements) for the year then ended, and have issued our report thereon dated November 16, 2009.

The Museum applied the enhanced recognition and disclosure provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* and FASB ASC 958-205, *Other Presentation Matters*, as of October 1, 2008.

We conducted our audit 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 Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Museum is responsible for complying with laws, regulations, and contracts applicable to the Museum. As part of obtaining reasonable assurance about whether the Museum's fiscal year 2009 financial statements are free of material misstatement, we performed tests of the Museum's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts applicable to the Museum. 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 of compliance described in the preceding paragraph of this report disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.



This report is intended solely for the information and use of the Museum's management, Council Members, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2009