

# PERFORMANCE AND ACCOUNTABILITY REPORT

FISCAL YEAR **2013**

October 1, 2012 – September 30, 2013

Submitted November 26, 2013

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

[www.ushmm.org](http://www.ushmm.org)



**United States Holocaust  
Memorial Museum**

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Performance and Accountability Report  
Year ended September 30, 2013

# United States Holocaust Memorial Museum

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# United States Holocaust Memorial Museum

## Message from the Director

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November 26, 2013

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 to the victims of the Holocaust, the Museum teaches the history and lessons of the Holocaust and encourages leaders and citizens to confront hatred, prevent genocide, promote human dignity and strengthen democratic values.

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

Through its onsite 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 2014 to bring these lessons to millions more.



Sara J. Bloomfield  
Director

# United States Holocaust Memorial Museum

## Statement of Assurance

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November 26, 2013

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 provides 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*.
- (3) The financial management systems of this agency provide reasonable assurances that: obligations and costs are in compliance with applicable laws; 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 *Federal Managers' Financial Integrity Act* is not required.
- (5) No material weaknesses are identified.



Sara J. Bloomfield  
Director

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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### *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, 2013 and 2012 (FY 2013 and FY 2012), respectively. 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 their Congressional term.

### *Performance Goals and Results*

Having achieved extraordinary success in its first twenty years, the Museum established a strategic plan that provides a vision and framework for its activities through its third decade. The Museum had 75 established objectives for FY 2013 related to education, remembrance, research, and infrastructure support. The Museum met or exceeded 60 objectives, partially met 12 objectives, and deferred the targeted completion dates on three objectives.

### *Financial Statements Summary*

The Museum's financial position remained strong at September 30, 2013 and 2012, with total assets of approximately \$403.7 and \$363.8 million and total liabilities of approximately \$33.1 and \$35.8 million, respectively. Net assets, which represent the residual interest in the Museum's assets after liabilities are deducted, are \$370.6 million, a 13.0% increase from the prior fiscal year. The increase in net assets is primarily attributable to investment income and significant pledges received.

### *Statement of Financial Position*

#### *Contributions Receivable*

The Museum has gross contributions receivable of \$42.8 million. Of these receivables, \$3 million are current and \$39.8 million are due after one year. The receivable amount, net of allowance for doubtful accounts when discounted to present value, is \$36.5 million.

# United States Holocaust Memorial Museum

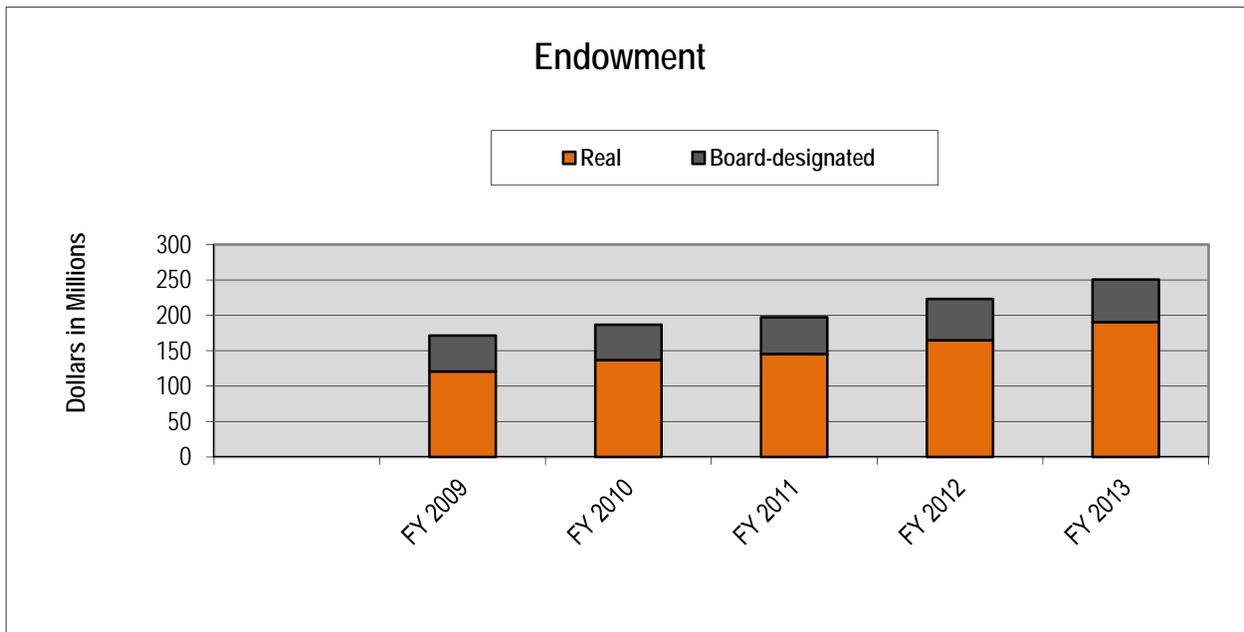
## Management's Discussion and Analysis (Unaudited)

### *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 the Investment Committee and 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, \$250.7 million, has increased by 12.3% 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, 2013 and 2012 the board-designated endowment balance was approximately \$59.9 million and \$58.6 million, and the real endowment balances totaled approximately \$190.8 million and \$164.6 million, respectively.



# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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### *Performance*

The annual return for the pooled endowment fund this year was 12.8%. 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 \$77.2 million and consists of \$130.2 million in buildings and capital improvement, \$43.2 million in the permanent exhibition and other exhibitions, \$18.7 million in furniture and equipment and \$1.6 million in leasehold improvements, less accumulated depreciation and amortization of \$116.5 million.

### *Liabilities*

Liabilities consist primarily of accounts payable, accrued expenses, charitable gift annuity and unexpended appropriations. Total liabilities are \$33.1 million.

### *Net Assets/Federal Equity*

The Museum has total equity of \$370.6 million of which approximately \$166.2 million is permanently restricted, and approximately \$59.9 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.

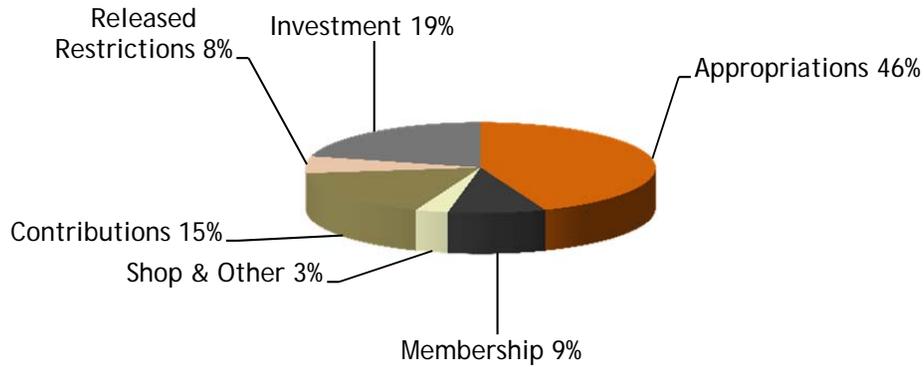
Nonappropriated sources in FY 2013 and FY 2012 provided 54.0% and 54.8% of unrestricted revenues. Museum expenditures increased \$10.3 million (10.7%) from FY 2012 primarily due to the 20<sup>th</sup> anniversary and campaign expenses. Program services comprise 71.3% of these expenditures. The charts that follow provide details.

# United States Holocaust Memorial Museum

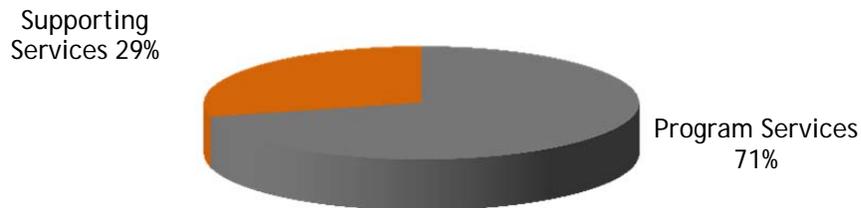
## Management's Discussion and Analysis (Unaudited)

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### Unrestricted Revenue



### Expense



#### *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.

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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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 in the Performance and Accountability Report, 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.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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### *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 created 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 from the Strategic Plan*

- Protect and strengthen the core and impact of the living memorial
  - Rescue the Evidence
  - Expand, diversify, and more effectively engage audiences
- Secure the future of the Memorial Museum

### *Relationship of Performance Plan to Mission Goals*

The annual performance plan identifies the strategies that will be employed toward each mission goal and outlines key representative activities that are planned for the coming year. Performance goals are set annually through an iterative process involving evaluation of past-year results and incorporates feedback, where received, from Museum staff, Council members, the general public, the Office of Management and Budget (OMB), and the Congress. The Museum's Government Performance and Results Act (GPRA) documents are organized by major goal and are linked to the budget by grouping budget activities in the annual budget justification according to the major goals.

### *Relationship of Performance Plan to FY 2013 Budget Request*

Budget data is not integrated into the performance plan, but the financial and human resources available for each mission goal can be read directly from the budget tables in the Museum's budget justification document, which also provides details of the means available to carry out the FY 2014 performance plan through narrative descriptions of each budget activity. The public-private partnership adds nonappropriated sources of funding that are applied to the goals in addition to federal funds. The nonappropriated budget, however, is not determined until the year immediately preceding the budget year, so it is not included in the presentation.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### SUMMARY ANNUAL PERFORMANCE REPORT

#### Consolidated status of all objectives

##### *Budget authority applied:*

|                   | FY 2013              | FY 2012              |
|-------------------|----------------------|----------------------|
| Appropriated      | \$ 49,970,000        | \$ 49,200,000        |
| Nonappropriated** | 56,850,000           | 38,000,000           |
| <b>Total</b>      | <b>\$106,820,000</b> | <b>\$ 87,200,000</b> |

\*\*Nonappropriated amounts excluded unpaid orders.

##### *Status of objectives:*

|                         | FY 2013 Results |     | FY 2012 |
|-------------------------|-----------------|-----|---------|
| No specific targets     | 0               | 0%  | 4%      |
| Met or exceeded targets | 60              | 80% | 72%     |
| Partially met targets   | 12              | 16% | 16%     |
| Deferred                | 3               | 4%  | 8%      |
| Not met                 | 0               | 0%  | 0%      |

##### *Major Accomplishment Highlights:*

- Have identified a site for the new Collections and Conservation Center to be built with private funds and are in the process of conducting due diligence before the purchase is finalized. This will be a state of the art facility, which will protect and conserve the Museum's collections.
- Continued to extend the victims' names list project by capturing name data from lists and sharing the information with Yad Vashem. The International Tracing Service archive is accessible to researchers using specialized software and within the Museum through a Web browser.
- Led the 2013 *Days of Remembrance* annual commemoration and national outreach effort with the theme *Never Again: Heeding the Warning Signs*, which looked back 75 years to the events of 1938 and the world's failure to respond to the warning signs that were precursors to the Holocaust.
- Recognized the Museum's 20<sup>th</sup> Anniversary with a tribute in Washington D.C. and a national tour. The four tour stops educated people nationwide about the continuing relevance of the Holocaust.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### SUMMARY ANNUAL PERFORMANCE REPORT

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

*Budget authority applied to this goal:*

|                   | FY 2013       | FY 2012       |
|-------------------|---------------|---------------|
| Federal           | \$ 42,900,000 | \$ 41,100,000 |
| Nonappropriated** | 22,450,000    | 16,600,000    |
| Total             | \$ 65,350,000 | \$ 57,700,000 |

\*\*Nonappropriated amounts excluded unpaid orders.

*Status of objectives:*

|                         | FY 2013 Results |     | FY 2012 |
|-------------------------|-----------------|-----|---------|
| No specific targets     | 0               | 0%  | 7%      |
| Met or exceeded targets | 37              | 84% | 73%     |
| Partially met targets   | 6               | 14% | 13%     |
| Deferred                | 1               | 2%  | 7%      |
| Not met                 | 0               | 0%  | 0%      |

*Major objectives:*

- Lead the nation in annual *Days of Remembrance* commemoration.
- Extend the impact of the permanent exhibition through special exhibitions, the Web, traveling exhibitions, and other educational outreach programs for a variety of audiences.
- Establish a comprehensive collection of Holocaust evidence that is preserved and accessible.
- Increase global accessibility to information on the Holocaust and genocide and increase awareness of the dangers of unchecked hate.
- Foster increased excellence and vitality in the field of Holocaust studies.
- Expand and diversify audiences for Museum programs and outreach.

*Highlights:*

- Traveled four exhibitions to 18 cities in 16 U.S. states and 3 Canadian provinces during FY 2013, which were viewed by more than 100,000 people during the course of the year.
- Added more than 500 collections to the Museum's holdings, including 355 new archival collections in multiple formats totaling almost 3.5 million pages.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### SUMMARY ANNUAL PERFORMANCE REPORT

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

##### *Budget authority applied to this goal:*

|                   | FY 2013       | FY 2012       |
|-------------------|---------------|---------------|
| Appropriated      | \$ 7,070,000  | \$ 8,100,000  |
| Nonappropriated** | 34,400,000    | 21,400,000    |
| Total             | \$ 41,470,000 | \$ 29,500,000 |

\*\*Nonappropriated amounts excluded unpaid orders.

##### *Status of objectives:*

|                         | FY 2013 Results |     | FY 2012 |
|-------------------------|-----------------|-----|---------|
| No specific targets     | 0               | 0%  | 0%      |
| Met or exceeded targets | 23              | 74% | 68%     |
| Partially met targets   | 6               | 19% | 21%     |
| Deferred                | 2               | 7%  | 11%     |
| Not met                 | 0               | 0%  | 0%      |

##### *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:*

- Raised \$65.7 million, including \$14.2 million in contributions and pledges for the endowment.
- Continued a major effort to update and operationalize the Museum's strategic plan.
- Marked the Museum's 20<sup>th</sup> Anniversary with a number of events and activities, and launched a major fundraising campaign effort.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### GOAL: PROTECT AND STRENGTHEN THE CORE AND IMPACT OF THE LIVING MEMORIAL

| Strategy to achieve objective  | FY 2013 activity planned, target or comparison baseline   | Results / Status  |
|--|---|---|
| <b>General Museum operating statistics &amp; objectives</b>  |   |   |
| General Museum statistics<br>(for general information; no specific targets are set)  | FY 2012: <ul style="list-style-type: none"> <li>• 1,633,994 visitors               <ul style="list-style-type: none"> <li>▪ 188,606 in groups (11.5%)</li> <li>▪ 575,857 to <i>Remember the Children</i> (35.2%)</li> <li>▪ 438,678 to Kimmel-Rowan gallery (26.8%)</li> <li>▪ 498,489 to Wexner Center (30.5%)</li> </ul> </li> <li>• 28,432 volunteer hours worked</li> <li>• Web site visits: 10.8 million as of September 30, 2012</li> </ul> | FY 2013: <ul style="list-style-type: none"> <li>• 1,554,222 visitors               <ul style="list-style-type: none"> <li>▪ 177,819 in groups (11.4%)</li> <li>▪ 554,263 to <i>Remember the Children</i> (36.4%)<br/>RTC Closed Feb 19 - March 1 for renovations</li> <li>▪ 168,903 to Kimmel-Rowan gallery (20.3%)<br/>KR Gallery Closed Oct 9, 2012 to April 30, 2013 for renovations</li> <li>▪ 482,966 to Wexner Center (31.1%)</li> </ul> </li> <li>• 25,141 volunteer hours worked</li> <li>• Web site visits: 11.7 million as of September 30, 2013 (estimated)</li> </ul> |
| Provide placement and enrichment opportunities for volunteers and interns<br>(to be compared to previous years; no specific targets are set) | FY 2012: <ul style="list-style-type: none"> <li>• 56 newly placed volunteers</li> <li>• 107 newly placed interns</li> <li>• 40 enrichment programs offered</li> <li>• Newsletter editions produced:               <ul style="list-style-type: none"> <li>▪ 12 Volunteer</li> <li>▪ 9 Intern</li> </ul> </li> </ul>  | FY 2013: <ul style="list-style-type: none"> <li>• 61 newly placed volunteers</li> <li>• 106 newly placed interns</li> <li>• 40 enrichment programs offered</li> <li>• Newsletter editions produced:               <ul style="list-style-type: none"> <li>▪ 12 Volunteer</li> <li>▪ 9 Intern</li> </ul> </li> </ul>  |
| Extend the impact of the permanent exhibition and provide core programming in the Museum   | Continue replacement of technology components (monitors, digital players, projectors, other peripheral items) for the permanent exhibition.   | <b>Partially met:</b> <ul style="list-style-type: none"> <li>• Ongoing replacements continue as required to maintain operations. Major upgrades are planned as defined below for the technology refresh for the permanent exhibition.</li> </ul>  |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### GOAL: PROTECT AND STRENGTHEN THE CORE AND IMPACT OF THE LIVING MEMORIAL

| Strategy to achieve objective   | FY 2013 activity planned, target or comparison baseline   | Results / Status  |
|---|---|---|
|   | Initiated a program to replace damaged and aging photomurals (including the digitization of source imagery).  | <b>Partially met:</b> <ul style="list-style-type: none"> <li>Contract awarded in FY 2013. This multi-year project is proceeding on schedule.</li> </ul>   |
|   | Consult with experts in technology, design, and museology to advance the permanent exhibition refresh.  | <b>Partially met:</b> <ul style="list-style-type: none"> <li>Completed the detailed technical design for the refresh. Additional funding required for implementation. Pending 2014 budget approval and/or donations.</li> </ul>   |
| <b>Rescue the Evidence</b>  |   |   |
| Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps<br><br>(this objective encompasses all areas and types of collections as well as collections management and access) | Develop and implement collecting projects in several U.S. cities, Eastern Europe, and North Africa.   | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>Added more than 500 collections to the Museum's holdings, including artifacts, works of arts, microfilms, digital collections, photographs, oral histories, published works, and films. Some 355 archival collections, comprising 3.5 million archival pages, were received in multiple formats in 2013.</li> </ul>                                    |
|   | Expand and diversify survivor and eyewitness interviews.  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>Secured funding to produce 400 additional witnesses interviews (300 Europe, 100 U.S.A.).</li> <li>Produced 60 and acquired 90 interviews.</li> </ul>   |
|   | Pursue, in collaboration with both Yad Vashem (YV) and the International Training Service (ITS), 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 | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>Completed the ITS/CM1 Indexing Project for Germany and Italy, working with Yad Vashem and ITS. Exchanged Names List sources with Yad Vashem.</li> <li>Yad Vashem Deputy Director Hall of Names visited for 1 week to compare name-list holdings in August.</li> </ul> Exploring USHMM/YV collaborative crowdsourcing indexing project with MyHeritage. |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### GOAL: PROTECT AND STRENGTHEN THE CORE AND IMPACT OF THE LIVING MEMORIAL

| Strategy to achieve objective | FY 2013 activity planned, target or comparison baseline   | Results / Status  |
|-------------------------------|---|---|
|                               | huge collections being shared by the ITS. The goal is to disseminate this name-based information to interested parties.   |   |
|                               | Catalog and provide access to the Museum's music collections.   | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Continued to acquire and catalog special materials to build the Library's music collection.</li> <li>• Added 220 video recordings and 96 sound recordings to the online catalog.</li> </ul>  |
|                               | Transfer and integrate published materials held by Curatorial Affairs to the Library according to the schedule prepared in 2009.  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Continued to transfer additional published items to the Library and catalog them, as they are newly identified in Curatorial Affairs.</li> <li>• Continued effort to modify the guidelines to further streamline the transfer process.</li> </ul>  |
|                               | Continue to implement the digital asset management system, collections management system and enterprise digital storage system.   | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Hired Digital Collections Developer.</li> <li>• Completed paper digitization pilot.</li> <li>• Developed a long-term digital storage architecture.</li> <li>• Seeking grant funding to support equipment acquisition which would also support collections management.</li> <li>• Participated with IT in planning a storage architecture for preservation, use, and Web access.</li> <li>• Migrated millions of files to archival and access storage systems.</li> </ul> |
|                               | Improve accessibility of collections (increased functionality of collections management system, creation of trusted digital repository, cataloging/creating metadata, IDAM, | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Continued research and planning to implement a trustworthy digital repository and finding aids metadata.</li> <li>• Continued cataloging project that has cataloged and made</li> </ul>  |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### GOAL: PROTECT AND STRENGTHEN THE CORE AND IMPACT OF THE LIVING MEMORIAL

| Strategy to achieve objective  | FY 2013 activity planned, target or comparison baseline   | Results / Status   |
|--|---|--|
|  | digitization).  | accessible objects from the Museum's artifact collection. <ul style="list-style-type: none"> <li>• Migrated use copies of all digitized assets to new storage.</li> <li>• Added circa 95 new digitized archival collections, 1,341 digitized oral history interviews, and 132 film and video items.</li> <li>• Successful launch of Web-accessible version of Collections Search in early FY 2013.</li> <li>• Implemented a new search capability using Solr search engine to access digital collection.</li> <li>• To provide improved access to digitized audio and video content from Oral History collection, Amazon's cloud storage has been chosen as a delivery system for these digital assets. So far, 1,045 audio files and 3,450 video files have been uploaded for delivery on the Internet. The search engine mentioned above is employed to search and retrieve this content on the Internet.</li> </ul> |
|  | Develop easier access to information about survivors and victims of the Holocaust.                                | Met: <ul style="list-style-type: none"> <li>• Initiated an innovative crowd-sourcing project that has resulted in the indexing of more than 400,000 victim names.</li> <li>• Completed 1,336 ITS research requests.</li> </ul>   |
|  | Begin accreditation review process for American Association of Museums (AAM) 10-year reaccreditation requirement. | Deferred: <ul style="list-style-type: none"> <li>• Postponed reaccreditation to FY 2016 due to AAM changes to the process and schedule.</li> </ul>   |
|  | Complete feasibility studies for new offsite collections storage facility.  | Met: <ul style="list-style-type: none"> <li>• Responded to requests for additional information.</li> </ul>   |
| Lead the nation in annual <i>Days of Remembrance (DOR)</i> commemoration | Improve outreach to key audiences: military, law enforcement, educators, and college                              | Met: <ul style="list-style-type: none"> <li>• Distributed 12,079 <i>DOR</i> DVD Planning Guides, created to</li> </ul>   |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

### GOAL: PROTECT AND STRENGTHEN THE CORE AND IMPACT OF THE LIVING MEMORIAL

| Strategy to achieve objective   | FY 2013 activity planned, target or comparison baseline   | Results / Status  |
|---|---|---|
|   | <p>students.</p> <p>Provide printed and on-line content and resources to citizens and organizations across the nation engaged in DOR commemoration.</p> | <p>provide easy-to-use, historically accurate, engaging resources to support observances throughout the nation. The Guide was also sent to 66 U.S. military installations abroad and provided information and materials on how to plan an observance, historical background material, poster sets, "how-to" videos, selected readings, personal histories, and Holocaust victim name list.</p> <ul style="list-style-type: none"> <li>• Added more than 240 events to the Museum's Web-based map of <i>DOR</i> observances in communities across the country and around the world.</li> </ul> |
| <b>Center for Advanced Holocaust Studies (CAHS)</b>   |   |   |
| <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p> | <p>Further develop partnership with Yahad-in-Unum.</p>  | <p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Continued the process of transferring and encouraging scholarly use of Yahad's oral history testimonies.</li> <li>• Conducted joint outreach programs for colleges, Catholic schools, and general public in communities in New York, Cleveland, and Washington, D.C.</li> </ul>   |
|   | <p>Engage 30-50 new university-based scholars in CAHS network of research/teaching activities.</p>  | <p><b>Exceeded:</b></p> <ul style="list-style-type: none"> <li>• 25 research fellows</li> <li>• 6 graduate research assistants</li> <li>• 3 invited scholars</li> <li>• 30 new speakers at conferences, symposia, and consultations</li> <li>• 2 new lecturers in endowed lecture series</li> <li>• 65 participants from 60 institutions in 29 states (as well as Brazil, Canada, Mexico, and the UK) in three faculty seminars</li> <li>• 31 new participants in summer research workshop</li> <li>• 30 participants via outreach consultations</li> </ul>                                   |

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|-------------------------------|--|---|
|                               |  | Total = 192 scholars  |
|                               | Facilitate university scholars' research and teaching work through faculty seminars (2-3 per year); fellows program (25-30 per year); campus outreach/presence (25-40 presentations per year). | <b>Met:</b> <ul style="list-style-type: none"> <li>• 3 Faculty Seminars: Hess, January 7-11, 2013; Silberman, June 3-14, 2013; Seminary and Religious Studies Faculty, June 10-14, 2013</li> <li>• 25 Fellows, plus 3 invited scholars</li> <li>• 43 Campus Outreach Lecture Programs at 38 institutions in 20 U.S. states</li> </ul>   |
|                               | Build networks of scholars/communities of discourse through 4-6 summer research workshops, symposia, and other partnered activities on and offsite.  | <b>Met:</b> <ul style="list-style-type: none"> <li>• 2 conferences in Moscow, Russia (Higher School of Economics in December 2012 and German Historical Institute-Moscow in June 2013)</li> <li>• Consultation at Haskell Indian Nations University with 14 participants</li> <li>• Consultation at USHMM with African-American studies scholars</li> <li>• 3 summer research workshops</li> </ul> Total = 7 activities |
|                               | Advance writing of manuscripts for volumes 3 and 4 of an encyclopedia of Nazi killing centers, camps, ghettos, and other detention sites related to the Holocaust.                             | <b>Exceeded:</b> <ul style="list-style-type: none"> <li>• Advanced research and writing for Volumes 3, 4, and 5, as well as began work on Volume 6.</li> </ul>  |
|                               | Conduct programs on Holocaust in USSR and relating to International Tracing Service (ITS).   | <b>Met:</b> <ul style="list-style-type: none"> <li>• Invited 2 students from Higher School of Economics to the Museum in summer 2013 (both as graduate research assistants).</li> <li>• Provided research materials to faculty at Higher School of Economics.</li> </ul>  |

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|--|---|--|
|  |   | <ul style="list-style-type: none"> <li>• Assisted in research and helped fund publication of volume on Odessa during the Holocaust.</li> <li>• Co-convened first-ever academic conference on the Holocaust in the Russian Federation.</li> <li>• Conducted archival and historical seminar for beginning scholars who will use ITS materials in their studies and research.</li> <li>• Advanced writing of manuscript for scholarly source volume using ITS materials.</li> <li>• Held several staff-led lectures at offsite venues on ITS research.</li> <li>• Worked with staff at ITS to refine access to and understanding of collection.</li> </ul> |
|  | Complete volume for archival studies project on Jewish responses to persecution.  | <p>Met:</p> <ul style="list-style-type: none"> <li>• Published volume III of <i>Jewish Responses to Persecution</i>.</li> <li>• Completed first draft of volume 4 of <i>Jewish Responses to Persecution</i>.</li> <li>• Significantly advanced writing of volume 5 of <i>Jewish Responses to Persecution</i>.</li> <li>• Published source volume on <i>Hungary during the Holocaust</i>.</li> </ul>  |
| <b>Effectively use the Center for the Prevention of Genocide (CPG) to respond to contemporary genocide</b> |   |  |
|  | In March 2013, the Committee on Conscience adopted the name Center for the Prevention of Genocide (CPG) to better describe the working activities of its staff. | <p>Met:</p> <ul style="list-style-type: none"> <li>• Effectively communicated the name change to key Museum constituents</li> </ul>  |
| Expand the network of citizens who care about genocide   | Implement new online strategy to make digital content more accessible and engaging.   | <p>Met:</p> <ul style="list-style-type: none"> <li>• Updated contemporary genocide content in conjunction with the Museum's Web site redesign.</li> </ul>  |

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|                               |  | <ul style="list-style-type: none"> <li>Continued ongoing efforts to increase audience engagement and expand reach using social media platforms Facebook and Twitter.</li> <li>Used social media and Web tools to expand the reach of public conferences to a more diverse audience.</li> </ul>   |
|                               | Maintain and update <i>From Memory to Action</i> exhibition and accompanying Web site. | <p>Met:</p> <ul style="list-style-type: none"> <li>Received 482,966 visitors to the Wexner Center, location of the <i>From Memory to Action</i> exhibition.</li> <li>Engaged, since 2009 inception, more than 170,000 people using the interactive pledge wall to respond to the question, "What will you do to help meet the challenge of genocide today?"</li> <li>Completed interactive table display update and enabled the collection of email addresses of visitors electing to receive CPG updates. Since updates, email addresses are collected at a rate of 450 new constituents per week.</li> </ul> |
|                               | Opened a new exhibition entitled <i>Sudan Divided: Peoples at Risk</i> .               | <p>Met:</p> <ul style="list-style-type: none"> <li>Opened in April 2013, exhibition features video chronicling the history of the conflict in Sudan and South Sudan and the ongoing risk of government-sponsored violence against civilians.</li> </ul>  |
|                               | Develop and launch Cambodia Justice and Accountability Initiative.                     | <p>Met:</p> <ul style="list-style-type: none"> <li>Following the initial Bearing Witness Trip to Cambodia in Fall 2012, CPG and National Institute for Holocaust Education (NIHE) continued planning work on education initiative about international justice and accountability in the context of the trials of the Khmer Rouge leadership in Cambodia.</li> <li>With NIHE, developed an online Web site to engage public audiences and two in-Museum exhibitions: one on the</li> </ul>  |

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|                               |  | <p>genocide and mass atrocities in Cambodia from 1975-1979, and the second focusing on Cambodia and the pursuit of international justice for genocide and crimes against humanity in the post-Holocaust era.</p> <ul style="list-style-type: none"> <li>• Curators made research trip to Cambodia in May to learn about the Khmer Rouge history and the subsequent pursuit of justice; to collect ideas and information for the exhibitions; to identify and explore potential archival and artifact collections; to establish relationships with key Cambodian colleagues in museums, archives, and NGOs; and to build and strengthen partnerships with key organizations and individuals, which will help pave the way for successful cooperation as the project progresses.</li> </ul>   |
|                               | <p>Hold major symposium on issues related to genocide and mass atrocities.</p> | <p>Met:</p> <ul style="list-style-type: none"> <li>• In July 2013 hosted a symposium held in partnership with the Brookings Institution and the US Institute of Peace, <i>The United States and R2P: From Words to Action</i>.</li> <li>• Released report on the Responsibility to Protect (R2P) co-authored by Madeleine Albright, former Secretary of State, and Richard Williamson, former Presidential Special Envoy to Sudan.</li> <li>• Featured a discussion with Secretary Albright and Ambassador Williamson that was moderated by <i>Washington Post</i> columnist David Ignatius.</li> <li>• Keynote address by former Canadian Minister of Foreign Affairs Lloyd Axworthy, one of the architects of R2P.</li> <li>• Panel of experienced former U.S. government officials discussed R2P effect on policy making discussions.</li> <li>• Attracted approximately 400 guests including U.S. government officials, ambassadors and embassy staff, congressional aides, NGO professionals, and journalists.</li> <li>• Marketing efforts included a standalone "primer" Web site and significant promotion via the Museum's social</li> </ul> |

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|---|--|--|
|   |  | <p>channels. More than 500 email addresses were collected from users interested in downloading the full report. More than 500 concurrent views were recorded during the live Webcast. Gained more than 100 new followers to the @HolocaustMuseum Twitter feed, and maintained an impressive online presence throughout the symposium.</p>  |
|   | <p>Hold 2-3 public programs to educate and engage physical and online audiences in CPG's work.</p> | <p>Met:</p> <ul style="list-style-type: none"> <li>• Partnered with New York's 92nd Street Y to host an event entitled, <i>Responsibility to Protect: Can it Make a Difference?</i> Director Mike Abramowitz moderated a discussion with Secretary Albright, Ambassador Williamson, and <i>New York Times</i> columnist Nicolas Kristoff attended by more than 500 people enjoined in a lively conversation that touched upon all the most challenging aspects of this emerging norm.</li> <li>• Participated in the Museum's 20<sup>th</sup> Anniversary public programs held in Los Angeles in February, New York in March, and Chicago in June 2013.</li> </ul> |
| Strengthen the movement of organization and experts working on genocide prevention issues | Expand research capacity through development of fellowship program.                                | <p>Met:</p> <ul style="list-style-type: none"> <li>• Appointed two new <i>Genocide Prevention Fellows</i> to support the development of leaders in the field, incubation of innovative projects, and the enhancement of the research capacity that are critical in developing a range of genocide prevention educational programs and activities.</li> </ul>   |
|   | Launch new innovative projects to strengthen the field of genocide prevention.                     | <p>Met and ongoing:</p> <ul style="list-style-type: none"> <li>• Continued to explore the creation of an early warning system, which will bring urgency to situations at risk of genocide and mass atrocities. After carrying out a feasibility study, the CPG began work to operationalize its first-of-its-kind early warning system with plans to launch</li> </ul>   |

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|---|---|--|
|   |   | <p>the system in 2014 and is working to identify additional resources, including partners and funding, to get it off the ground.</p> <ul style="list-style-type: none"> <li>Continued work on hate speech and incitement to genocide. Convened two panel discussions in February with scholars and practitioners to examine the tension between the freedom of speech and preventing incitement to violence, the characteristics of speech that promotes committing violent acts and options for mitigating risk posed by dangerous speech. The first of the events was held at the United Nations (UN) and co-sponsored by the UN Office on Genocide Prevention and the Responsibility to Protect, the UN Special Rapporteur on the Promotion and Protection of the Right to Freedom of Opinion and Expression, and the Permanent Mission of Norway. The second panel discussion was held at the Museum.</li> <li>Following September 2012 convening to discuss the design of a multi-year project to analyze the dynamics of decision-making by the international community during episodes of genocide and mass killing, worked with Michael Dobbs (former Genocide Prevention Fellow) and the National Security Archive, moving forward on next steps to advance this project. The project is designed to unfold through a series of conferences built around detailed case studies of past genocides, with the participation of government officials and other players, who were centrally involved in the historical events. The first conference will be held in 2014 and will focus on the events surrounding the Rwandan genocide.</li> </ul> |
| Bolster the will of decision-makers to prevent and respond to mass atrocities | Follow up with the implementation of recommendations from the Museum-sponsored Genocide Prevention Task Force | <p>Met:</p> <ul style="list-style-type: none"> <li>Engaged in over 200 outreach activities (including meetings, events, and phone calls) on policy with senior</li> </ul>  |

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|-------------------------------|---|--|
|                               | report.   | <p>members of the Atrocity Prevention Board and other White House officials; members of the intelligence community; and officials from the Departments of State, Defense, Justice, Homeland Security, and USAID. In addition to working with governmental officials, the CPG regularly engages with leaders from non-governmental organizations to help coordinate activities and encourage cooperation among like-minded groups working on atrocity prevention. This outreach and consultation is a critical component for achieving CPG's objectives and ensuring implementation of the recommendations from the Genocide Prevention Task Force.</p> <ul style="list-style-type: none"> <li>• Sponsored a series of events aimed at building support among decision makers and thought leaders for genocide prevention. Most recently, in April 2013, in partnership with the Stanley Foundation and in cooperation with the Foreign Policy Initiative and the Center for American Progress, the CPG hosted an off-the-record dinner conversation about genocide and mass atrocity prevention in President Obama's second term. The dinner brought together current administration officials - including members of the Atrocities Prevention Board, former officials, media professionals, members of the NGO community, and scholars - to explore this issue.</li> </ul> |
|                               | Release the final report of the Working Group on the Responsibility to Protect (R2P) and carry out activities around the report roll-out. | <p>Met:</p> <ul style="list-style-type: none"> <li>• As described above, in July 2013, the CPG hosted a symposium, <i>The United States and R2P: From Words to Action</i>, where it released a report on the R2P co-authored by Madeleine Albright, former Secretary of State, and Richard Williamson, former Presidential Special Envoy to Sudan. This report picks up where the Museum-sponsored Genocide Prevention Task Force left off, assessing cases where R2P has been put into practice successfully and</li> </ul>   |

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|  |  | where it has not, examining the challenges facing R2P, and making recommendations for further supporting this emerging international norm. The CPG will continue efforts in the coming year to distribute this report to policy makers in the United States and abroad.  |
|  | Develop training programs to educate foreign service officers, military, and other professionals on genocide prevention.                   | <p><b>Partially Met:</b></p> <ul style="list-style-type: none"> <li>After holding a genocide and mass atrocity prevention training workshop in October 2012, worked closely with scholar Dr. Scott Straus to develop a model syllabus for prevention training. The syllabus has served as the blueprint for the development of trainings by the Departments of Justice and State. The CPG is now working with Dr. Straus to create a training book that pulls together the existing scholarship on the key subjects in the field and presents them in a digestible way to policy making and practitioner audiences.</li> </ul> |
| <b>Carry out the National Institute for Holocaust Education (NIHE) objectives</b>  |  |  |
| <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 Center to enhance visitor engagement with the history and legacy of the Holocaust</p> | Present special exhibitions and associated programs at the Museum and through traveling exhibitions nationwide.                            | <p><b>Met:</b></p> <ul style="list-style-type: none"> <li>Opened the special exhibition <i>Some Were Neighbors: Collaboration &amp; Complicity in the Holocaust</i> on April 30, 2013. As of September 30, 163,000 visitors had seen the exhibition, an average of 20% of all Museum visitors during that period.</li> <li>Traveled four exhibitions to 18 cities in 16 U.S. states and 3 Canadian provinces. Approximately 100,000 people viewed the exhibitions during the course of the year.</li> </ul>  |
|  | Implement <i>Propaganda</i> initiative with special programming for targeted audiences such as journalists and public diplomacy officials. | <p><b>Met and ongoing:</b></p> <ul style="list-style-type: none"> <li>Continued and completed design and fabrication work on the traveling version of State of Deception: <i>The Power of Nazi Propaganda</i> special exhibition, installed at first tour</li> </ul>   |

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|-------------------------------|---|--|
|                               |   | <p>venue in October.</p> <ul style="list-style-type: none"> <li>• Completed an updated exhibition brochure for the traveling version of <i>State of Deception</i>.</li> <li>• Three venues for the traveling version of <i>State of Deception</i> have been secured, including The Field Museum in Chicago, The Burton Barr Public Library in Phoenix, and the Missouri History Museum in St. Louis. Discussions with venues in Kansas City, and Cleveland are nearly complete.</li> <li>• Planning for programmatic outreach in communities where the national tour will travel has included identification of both national and local partners. This will ensure we are able to cultivate new audiences, reaching the fields of media literacy and higher education. Strategies have included presentations at national conferences, convening of local partners, and engagement of national organizations with members in communities across the nation. Specific outreach to media literacy educators in Chicago with two roundtable gatherings and a workshop for educators.</li> </ul> <p><b>Partially Met:</b></p> <ul style="list-style-type: none"> <li>• Resources to be used in conjunction with <i>State of Deception's</i> national tour are being developed, tested, and refined. These include adaptation of the Mind over Media text messaging tour, development of docent training courses, and teaching materials for use to prepare students to visit the exhibition, engage with the exhibition itself, and reflect upon the content and make connections about the role of propaganda in history and today. Each of these resources is designed to promote critical thinking skills and commitment to integrating discerning consumption of information into daily life.</li> </ul> |

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|-------------------------------|--|--|
|                               | Launch Collaboration & Complicity Initiative.                          | <p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Conducted an environmental scan of Holocaust education and the topic of collaboration and complicity.</li> <li>• The new special exhibition <i>Some Were Neighbors: Collaboration &amp; Complicity in the Holocaust</i> opened to the public on April 30, 2013.</li> <li>• Launched new Web site, <i>Some Were Neighbors: Collaboration &amp; Complicity in the Holocaust</i>, in April 2013. Includes substantial new historical content with emphasis on eyewitness testimony. Continue to maintain Web site to reflect visitor engagement activities (tagging and photo reflection).</li> <li>• Presented and collected audience research and feedback for creating new pedagogical models for teaching the Holocaust through the lens of collaboration and complicity at three regional summits in Miami, Atlanta, and Denver.</li> <li>• Created and implemented a 15-hour volunteer docent-training course and trained 35 volunteers to give tours of the new exhibition, <i>Some Were Neighbors</i>, to the general public.</li> <li>• In conjunction with the physical exhibit <i>Some Were Neighbors: Collaboration &amp; Complicity in the Holocaust</i> within the Museum, an online exhibit has been created with IT office's partnership and a contracted Web development company.</li> </ul> |
|                               | Prototype learning platform to advance global Holocaust education.     | <p><b>Met and ongoing:</b></p> <ul style="list-style-type: none"> <li>• Content for learning platforms complete; public access dependent on upcoming launch of new Museum Web site.</li> </ul>   |
|                               | Develop new presentation(s) for Wexner Center and other public spaces. | <p><b>Partially met:</b></p> <ul style="list-style-type: none"> <li>• New Center for the Prevention of Genocide initiative to support displays on International Justice (with focus on</li> </ul>  |

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|-------------------------------|---|---|
|                               |   | <p>ongoing Cambodia Khmer Rouge trials) as added content to Wexner Room 2, and on the history of genocide in Cambodia under the Khmer Rouge (1975-1979) in the Meyerhoff Auditorium entry. Installation tentatively scheduled for FY 2014, Q1.</p> <p>Met :</p> <ul style="list-style-type: none"> <li>• Refinements were made in Room 1: <i>From Memory to Action: Meeting the Challenge of Genocide</i> to reinforce program messages for the Museum's Center for Genocide Prevention. The display is scheduled to remain on view indefinitely.</li> <li>• Room 3: <i>Sudan Divided: Peoples at Risk</i>, a display about the history and potential of mass atrocities in Sudan/South Sudan and the Museum's ongoing concerns for the region, opened April 26, 2013. ( It replaces <i>GENOCIDE EMERGENCY—Darfur, Sudan: Who Will Survive Today?</i>, which closed January 3, 2013.) The new display is scheduled to remain on view indefinitely.</li> </ul> |
|                               | <p>Translate <i>Holocaust Encyclopedia</i> and other Web content into new languages to reach underserved audiences. Maintain online historical content in 13 existing languages and revise/expand as appropriate.</p> | <p>Met and ongoing:</p> <ul style="list-style-type: none"> <li>• Launched <i>Holocaust Encyclopedia</i> in Japanese in January 2013. Expanded translations in Indonesian, Korean, Arabic, Farsi, Urdu, Russian, Portuguese, Turkish, Spanish and Chinese. Created new content for mobile devices in Greek and French. Conducting extensive refresh of online <i>Encyclopedia</i> material in French.</li> </ul>   |

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Status report for special exhibitions:

| Exhibition Title/Topic   | Target Presentation Dates                                    | Results / Status  |
|--|--|---|
| <i>GENOCIDE EMERGENCY—Darfur, Sudan: Who Will Survive Today?</i> (Wexner Center, Room 3)   | March 11, 2005 - January 3, 2013                             | Closed.   |
| <i>Sudan Divided: Peoples at Risk</i> (Wexner Center, Room 3)  | April 26, 2013 - indefinitely                                | Open.   |
| <i>Abandoned at Srebrenica: Ten Years Later</i> (Meyerhoff Theater entry)  | July 11, 2005 - FY 2015 Q1                                   | No change.  |
| A display on the topic of the Khmer Rouge genocide in Cambodia, 1975-79 (Meyerhoff Theater entry)  | FY 2015 Q1 - indefinitely                                    | Content research underway.  |
| <i>The Nuremberg Trials: What Is Justice?</i> (Wexner Center, Room 2)  | December 20, 2005 - FY 2015 Q1                               | Exhibition to be modified; see next entry.  |
| <i>International Justice: From Nuremberg to Present</i> (working title; Wexner Center, Room 2)   | FY 2015 Q1 - indefinitely                                    | Will continue to present core content from <i>Nuremberg Trials</i> with added content on subsequent efforts at international justice, with focus on Cambodia's Khmer Rouge genocide trials. Content research underway.  |
| <i>A Dangerous Lie: The Protocols of the Elders of Zion</i> (Gonda Education Center)   | April 21, 2006 - indefinitely                                | No change.  |
| <i>From Memory to Action: Meeting the Challenge of Genocide</i> (Wexner Center, Room 1)  | April 10, 2009 - indefinitely                                | Content changes to projection table made in April 2013 to emphasize key messages for Center for Prevention of Genocide and permit sign-up to CPG newsletter.  |
| <i>State of Deception: The Power of Nazi Propaganda</i> (Kimmel-Rowan Gallery)   | January 30, 2009 - October 8, 2012                           | Closed.   |
| <i>State of Deception: The Power of Nazi Propaganda</i> (traveling exhibition)   | Tour scheduled to begin in November 2013 for approx. 5 years | Exhibition design complete, FY 2013 Q3; fabrication to be completed in FY 2014 Q1.  |
| <i>Some Were Neighbors: Collaboration &amp; Complicity in the Holocaust</i> (Kimmel-Rowan Gallery)   | Spring 2013 - Fall 2017                                      | Exhibition installation in FY 2013 Q1-2; exhibition opened to public April 30, 2013.  |
| Traveling Exhibitions: <ul style="list-style-type: none"> <li>• <i>Deadly Medicine: Creating the Master Race</i> (panel version)</li> <li>• <i>Fighting the Fires of Hate: America and the Nazi Book Burnings</i></li> <li>• <i>The Nazi Olympics: Berlin 1936</i></li> <li>• <i>Nazi Persecution of Homosexuals: 1933-1945</i></li> </ul> | Various locations and schedules                              | The national tour premiere of <i>State of Deception: The Power of Nazi Propaganda</i> will be at the Field Museum in Chicago, November 6, 2013 - February 2, 2014.<br><br>A contract was signed for the first traveling exhibition ( <i>Fighting the Fires of Hate</i> ) to go to the state of Mississippi. The presentation will take place in FY 2014 Q2. |

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|--|---|--|
| <b>Carry out the NIHE objectives - continued</b>   |   |  |
| <p>Develop programming to increase awareness of contemporary antisemitism 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 the number of Museum Teacher Fellows trained to implement Museum education programming.</p> <p>Refine and implement plans for working with targeted audiences (justice, military, religious leaders, etc.) for achieving greatest impact: train military and judicial leadership; implement and strengthen the leadership development component of the program for youth.</p> | <p>Met:</p> <ul style="list-style-type: none"> <li>• Trained 20 new Museum Teacher Fellows in the year-long program this fiscal year.</li> </ul> <p>Met:</p> <ul style="list-style-type: none"> <li>• Served more than 2,400 members of the judiciary in 17 programs including 7 states, and the Canadian province of British Columbia. Members of the court received Continuing Legal Education credits in Ethics for completing the Museum's course, and interest in the program continues to grow. In addition, more than 3600 law enforcement officials from local, state, and federal agencies attended 74 trainings at the Museum. This included over 700 Chiefs and top leaders from around the country, through the FBI's National Academy.</li> <li>• Served more than 3,000 U.S. military officers in training, active duty and command level officers. Also served 800 international military officers in programs dealing with human rights and genocide prevention. Offered government-wide workshop on how to teach about the Holocaust and genocide and mass atrocity prevention in connection with the government-mandated training initiatives of the Atrocity Prevention Board. Ongoing on-site trainings at the Museum for over 100 additional army majors at the Ft. Belvoir Command and General Staff College in addition to a third and expanded training workshop for service academy faculty that included representatives from the U.S.M.A. at West Point, the U.S. Naval Academy as well as the U.S. Air Force Academy and Coast Guard Academy. Completed development of a 30-minute film about the Holocaust to enhance off-site</li> </ul> |

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| Strategy to achieve objective | FY 2012 activity planned, target or comparison baseline   | Results / Status   |
|-------------------------------|---|--|
|                               |   | <p>trainings about ethics and genocide prevention for range of professional audiences.</p> <ul style="list-style-type: none"> <li>• The <i>Bringing the Lessons Home</i> and <i>Stephen Tyrone Johns Summer Youth Leadership Program</i> continued to provide local youth with opportunities for immersive study of the Holocaust, leadership seminars, and internships. More than 5,000 students in the Washington, D.C. area were served through special programming and resources this year.</li> <li>• This summer, 50 young people from inner-city and rural communities across the nation joined the National Summer Youth Leadership Seminar and participated in week-long activities to explore the Nation's Capitol, American democracy, and discussed implications of the Holocaust for their lives today. Each student is charged to reach 100 others through presentations or service. Last year's Ambassadors passed their goal. Collectively, they brought the lessons of the Holocaust home to over 11,000 members of their communities.</li> <li>• Developed lessons to enhance the leadership potential of youth who participated in the National Summer Youth Leadership Program. Participants worked with resonant leadership and adaptive leadership frameworks to develop their leadership skills in reaching people in their community.</li> </ul> |
|                               | <p>Increase resources intended to combat denial and antisemitism through enhanced content on Museum Web site, new resources, and use of social media.</p> | <p>Met:</p> <ul style="list-style-type: none"> <li>• Distributed <i>European Antisemitism from Its Origins to the Holocaust</i> DVDs for educational use. Prepared film on Nazi book burning in Farsi for Web distribution. Prepared for launch of Museum Facebook page in Arabic.</li> </ul>  |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective  | FY 2012 Activity planned, target or comparison baseline   | Results / Status   |
|--|---|--|
| <b>Fundraising Activities</b>  |   |  |
| Undertake fundraising efforts to fulfill the Strategic plan over the next decade | FY 2013 target \$34.8 million annual fund and \$5.0 million endowment for a combined total of \$39.8 million. | <b>Exceeded:</b> <ul style="list-style-type: none"> <li>During FY13, raised \$65.7 million (in major gifts, membership, planned gifts, and endowment contributions), including \$14.2 million in contributions and pledges for the endowment, surpassing the \$39.8 million goal. Note: Restricted gifts may only be spent as the donor stipulates, and endowment income may be spent, but not the principal.</li> </ul>   |
|  | Enhance annual fund marketing campaign.   | <b>Met:</b> <ul style="list-style-type: none"> <li>Implemented, with Marketing, an annual communication schedule of mailings for both soliciting prospects and donor stewardship.</li> </ul>   |
|  | Build a program for foundation and corporate giving.  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>Continued the Corporate and Foundation Relations program to manage the Museum's strategic corporate and foundation fundraising nationally and across the regions in collaboration with regional offices, volunteers, and friends of the Museum.</li> <li>Continued with Marketing, the 20<sup>th</sup> Anniversary National Corporate Sponsorship program in FY 2013.</li> </ul>  |
|  | Develop a comprehensive campaign culminating with the Museum's 25 <sup>th</sup> anniversary.                  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>Using the Museum's 20<sup>th</sup> Anniversary as the key thematic driver to build momentum during the quiet phase of the fundraising campaign, plans were successfully implemented for an anniversary tour that raised national visibility and deepened engagement in key development regions, paving the way for campaign gift solicitations.</li> <li>Built a leadership structure for both the 20<sup>th</sup> Anniversary</li> </ul> |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective  | FY 2012 Activity planned, target or comparison baseline  | Results / Status  |
|--|--|---|
|  |  | and the campaign, convened regional groups across the country, and recruited a national leadership team. <ul style="list-style-type: none"> <li>Continued to build the infrastructure to support the campaign (prospects, case, timeline, financial targets).</li> </ul>  |
|  | Continue targeted \$200.0 million bequest focused endowment effort.  | <p><b>Met and ongoing:</b></p> <ul style="list-style-type: none"> <li>Endowment campaign gifts exceed the \$140.0 million mark, 70% of goal with 44% of the campaign timeline elapsed. For the FY 2013, the campaign added over \$48.6 million in new <u>total</u> endowment commitments (of which over \$31.5 million was from new <u>deferred</u> endowment commitments).</li> </ul> <p><b>Exceeded:</b></p> <ul style="list-style-type: none"> <li>The <u>20<sup>th</sup> Anniversary Legacy Challenge</u>, a deferred matching gift program underwritten by donors, that launched in April 2012, and was in effect through the campaign's public launch at the end of April 2013. During the Legacy Challenge, 102 new planned gifts totaling \$36.6 million were identified and confirmed for the benefit of the Museum's endowment, qualifying for the entire \$1.0 million in matching funds from the Legacy Challenge (a leverage factor of 32:1).</li> </ul> |
| Increase the integration of fundraising plans with programmatic priorities | Complete next Milestone in the conversion from Target's Team Approach to New Enterprise Constituent Relationship Management system with specific focus on membership.<br><br>Aimed to raise funds against restricted funding priorities determined by Program Offices and approved by Museum Director at | <p><b>Met and ongoing:</b></p> <ul style="list-style-type: none"> <li>Continued implementation of Amergent to replace Blackbaud.</li> </ul> <p><b>Exceeded:</b></p> <ul style="list-style-type: none"> <li>Prepared campaign-branded query letters, project briefs and full proposals for restricted projects and programs for donor presentation, as requested by six regions, five program areas and Museum leadership toward restricted priorities. Raised total of \$3.3 million, reaching 110% of</li> </ul>   |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective | FY 2012 Activity planned, target or comparison baseline | Results / Status   |
|-------------------------------|---|--|
|                               | start of FY 2013.                                       | \$3.0 million goal.  |
|                               | Continue implementation of national stewardship plan.   | <p><b>Met and ongoing:</b></p> <ul style="list-style-type: none"> <li>• Continued implementation of a comprehensive stewardship plan. Components included:               <ul style="list-style-type: none"> <li>▪ Pilot programs in the regions to serve as models for establishing regional boards</li> <li>▪ Nation-wide mailings delivering greater program content to major donors and past donors</li> <li>▪ Created and enhanced 61 stewardship plans for key prospects of the Museum Director and Chief Development Officer</li> <li>▪ Initiated new Quarterly "Founders Update" electronic newsletters to donors contributing more than \$1.0 million, family members, and foundation representatives</li> <li>▪ Additional communication sent to Founders with Museum news-worthy stories (primarily from national news outlets)</li> <li>▪ Increased personal stewardship visits and communications by the Museum Director, the Chief Development Officer and the MGOs</li> <li>▪ Instituted a formal policy for gift acknowledgement letters at all gift levels.</li> <li>▪ Established a new e-communications plan that includes annual or bi-annual insider news from the Museum Director.</li> <li>▪ Ongoing work with Marketing to create blueprint for revitalizing donor communications vehicles (e.g., magazine; institutional newsletter; Director's letter)</li> </ul> </li> </ul> |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective  | FY 2012 Activity planned, target or comparison baseline  | Results / Status  |
|--|--|---|
| <b>Marketing &amp; Communications Activities</b>   |  |   |
| 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 | Significantly raise awareness and appreciation for the Museum's work and increase engagement nationally through all marketing outreach effort - in person, print, and in the digital space.  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Launched the Museum's newly redesigned Web site.</li> <li>• Launched a new, award winning biannual Museum Magazine, MEMORY &amp; ACTION.</li> <li>• Organized the Museum's 20<sup>th</sup> Anniversary national Tour and Tribute in 5 major cities.</li> </ul>             |
| Engage more people with the Museum's work and raise support for its cause  | Increased audience outreach efforts nationally.<br><br>Dramatically increased audience engagement with the Museum - in person and online.  | <b>Met:</b> <ul style="list-style-type: none"> <li>• Total Actions: 116,400               <ul style="list-style-type: none"> <li>▪ 31,950 newly engaged individuals</li> <li>▪ 31,315 new e-community members</li> </ul> </li> </ul>  |
| Generate positive press coverage around key Museum initiatives and fundraising priorities, such as scholarship, research, education, and genocide prevention   | Leveraged the 20 <sup>th</sup> Anniversary activities to create major media coverage of the Museum's work both nationally and in the Museum's key markets.   | <b>Met:</b> <ul style="list-style-type: none"> <li>• Coverage included major mainstream print media, TV, and online. Tribute and Tour resulted in 654 pieces of media coverage, including 128 original print and online articles and 291 broadcast segments.</li> <li>• Provided PR and media support for all major fundraising.</li> </ul> |
|  | Enhance and use the Web site as a fundraising, messaging, and educational tool—identify new opportunities for online marketing. Increase membership net revenue through message and technology strategy and increasing new and lapsed members. | <b>Met:</b> <ul style="list-style-type: none"> <li>• Continued online fundraising initiatives to grow email acquisitions, raise small donations, and increase membership including online opportunities for renewals.</li> </ul>  |
| Improve stewardship of key constituencies (survivors, donors, Council, former Council, Congress, staff)  | Coordinate with Development and Marketing to create integrated communications  | <b>Met and ongoing:</b> <ul style="list-style-type: none"> <li>• Coordinated closely with Development and Marketing on key Museum initiatives, primarily the 20<sup>th</sup> Anniversary</li> </ul>   |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective | FY 2012 Activity planned, target or comparison baseline   | Results / Status   |
|-------------------------------|---|--|
|                               | strategy.   | commemoration, which included: <ul style="list-style-type: none"> <li>▪ Day-long events in 4 cities and at the Museum honoring survivors and WWII veterans and featuring Museum programming as well as presentation of the Elie Wiesel Award; 1000 survivors and veterans attended events at the Museum alone along with high Council participation.</li> <li>▪ Comprehensive national outreach strategy for survivor and veteran communities and Council for 20<sup>th</sup> Anniversary commemoration, which directly contributed to the success of these events (attendance, engagement, expanded audience).</li> <li>▪ Established a regular (every 4-6 weeks) personal, brief email update for Council, former Council and Committee members highlighting key Museum programs.</li> </ul> |
|                               | Increase visibility and involvement of survivors in advancing Museum's programmatic priorities. | Met: <ul style="list-style-type: none"> <li>• Increased survivor participants and participation in programs onsite, off site and via remote technology. Survivor speakers spoke to over 30,000 people in over 290 programs over the course of the year, including a first time video-conference to teachers in Rwanda.</li> </ul>  |
|                               | Strengthen internal communications and strategic planning.                                      | Met and ongoing: <ul style="list-style-type: none"> <li>• Building on their logic models, program offices developed prioritized outcomes and strategies for the next 5 years as well as indicators of success to track and measure in FY 2014.</li> <li>• Working on improving integration and communications across program and admin offices, primarily through a common approach to planning, and includes a shared calendar, glossary of terms, etc., as well as review of key</li> </ul>  |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective   | FY 2012 Activity planned, target or comparison baseline   | Results / Status   |
|---|---|--|
|   |   | processes.   |
|   | Enhance the role of Council and committee members in supporting programmatic priorities.  | <b>Partially met:</b> <ul style="list-style-type: none"> <li>• Made additional revisions to Council orientation program; continued to work with Development and Marketing to ensure Council's awareness of/engagement in key programs at Museum and their regions.</li> <li>• Deferred a larger Council stewardship effort due pressing priorities such as the strategic plan and the 20<sup>th</sup> Anniversary.</li> </ul>          |
| Pursue continuous improvement and excellence in financial management; human resource management; information technology support; and administration of the Museum, and address relevant elements of the President's Management Agenda | Based on user feedback and evaluation, expand the functionality of the HR Web site (including integration of employee development tools and information). | <b>Partially met:</b> <ul style="list-style-type: none"> <li>• Continued to develop content, which is expected to roll-out as part of the new staff resources portals. Specific sections include employee development, wellness, managers corner (a resource for supervisors) policies / procedures, and general information.</li> </ul>   |
|   | Provide leadership / management coaching for all supervisors.   | <b>Partially Met:</b> <ul style="list-style-type: none"> <li>• Completed coaching for senior executives and Division Directors.</li> <li>• Initiated management coaching for Branch Directors (including 360 assessments for each) during the 4th quarter. The initiative will be completed by the second quarter of FY 2014.</li> </ul>   |
|   | Complete a Museum-wide training needs assessment and develop a training plan based on findings.   | <b>Met:</b> <ul style="list-style-type: none"> <li>• An on-line training needs assessment was delivered to all staff. 293 employees responded and findings will aid efforts to identify, prioritize, and deliver training to staff.</li> </ul> <b>Partially Met:</b> <ul style="list-style-type: none"> <li>• Deployed the online training platform, Global Learning System, to provide a comprehensive training program to</li> </ul> |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective  | FY 2012 Activity planned, target or comparison baseline  | Results / Status  |
|--|--|---|
|  |  | staff members. This program will be rolled out in different stages starting with information security awareness training.   |
|  | Automate the vendor invoice receipt and approval process.  | Deferred:<br><ul style="list-style-type: none"> <li>• Due to lack of staff resources and funding.</li> </ul>  |
|  | Develop an interface between the procurement and accounting systems.   | Deferred:<br><ul style="list-style-type: none"> <li>• Due to lack of staff resources and funding.</li> </ul>  |
|  | Continue the redesign of the Museum's Web site including: <ul style="list-style-type: none"> <li>• Re-architecture: information architecture analysis</li> <li>• Content management: implement enterprise content management for parts of the Web site</li> <li>• Search and discovery: implement an enterprise-wide search, repository, and retrieval engine</li> <li>• Technical infrastructure: upgrade server architecture and operating system</li> <li>• Standards-based delivery: make more of Web site content available via standards-based and accessible presentations</li> </ul> | Met: <ul style="list-style-type: none"> <li>• New Web site was launched on September 17, 2013.</li> <li>• Re-architecture of the information to comply with the new Web site's framework.</li> <li>• Content management: A new content management platform has been implemented using Expression Engine.</li> <li>• Search and discovery: A new search mechanism has been implemented to improve search functionality of the new Web site using Solr search engine.</li> <li>• Standards-based delivery has been taken into account for the new Web site redesign.</li> </ul> |
| Enhance the Museum's ability to engage with its constituents, be they fund raisers, educators, | Implement an institution wide Constituent Relationship Management and Event  | Met: <ul style="list-style-type: none"> <li>• Contract awarded for the Constituents Relationship</li> </ul>   |

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective                          | FY 2012 Activity planned, target or comparison baseline  | Results / Status   |
|--|--|--|
| scholars, council members and the general public.      | Management platform.   | Management (CRM) system to Amergent for their Porfolio platform. This system will be implemented in the fall of 2014. <ul style="list-style-type: none"> <li>• Initial discovery phase for the implementation of the CRM system has been completed.</li> <li>• Contract awarded for the events management system to the Web-based platform Certain. This system will be implemented in 2013.</li> </ul>  |
| Improve employee on line communications                | Implement a new staff intranet.  | <b>Partially met:</b> <ul style="list-style-type: none"> <li>• The new staff intranet prototype has been implemented. USHMM staff have been given access to the site for feedback and comments. Content migration has started for various sections of the site and it is expected to be completed by the end of 2013.</li> </ul>   |
| Provide oversight for major Museum technology systems. | Continue to develop mobile Web platforms for content delivery in the Museum space and to constituents world-wide.          | <b>Met:</b> <ul style="list-style-type: none"> <li>• Completed methodology for effective delivery of mobile Web contents.</li> </ul>   |
|  | Enhance performance of the data center, storage, and server infrastructure through server/storage platform virtualization. | <b>Met:</b> <ul style="list-style-type: none"> <li>• Installed a new large scale storage system based on EMC's Isilon technology to house preservation digital contents from across the Museum. More than 90% of the data from old systems have been migrated to this new storage system.</li> <li>• Upgraded the storage system, Equallogic, to accommodate the growing need to meet additional storage demands for the everyday use of Museum data, including business operations data.</li> <li>• Developed a design to replace all of the Museum's back end exhibition hardware in 2014, pending funding.</li> </ul> |

# United States Holocaust Memorial Museum

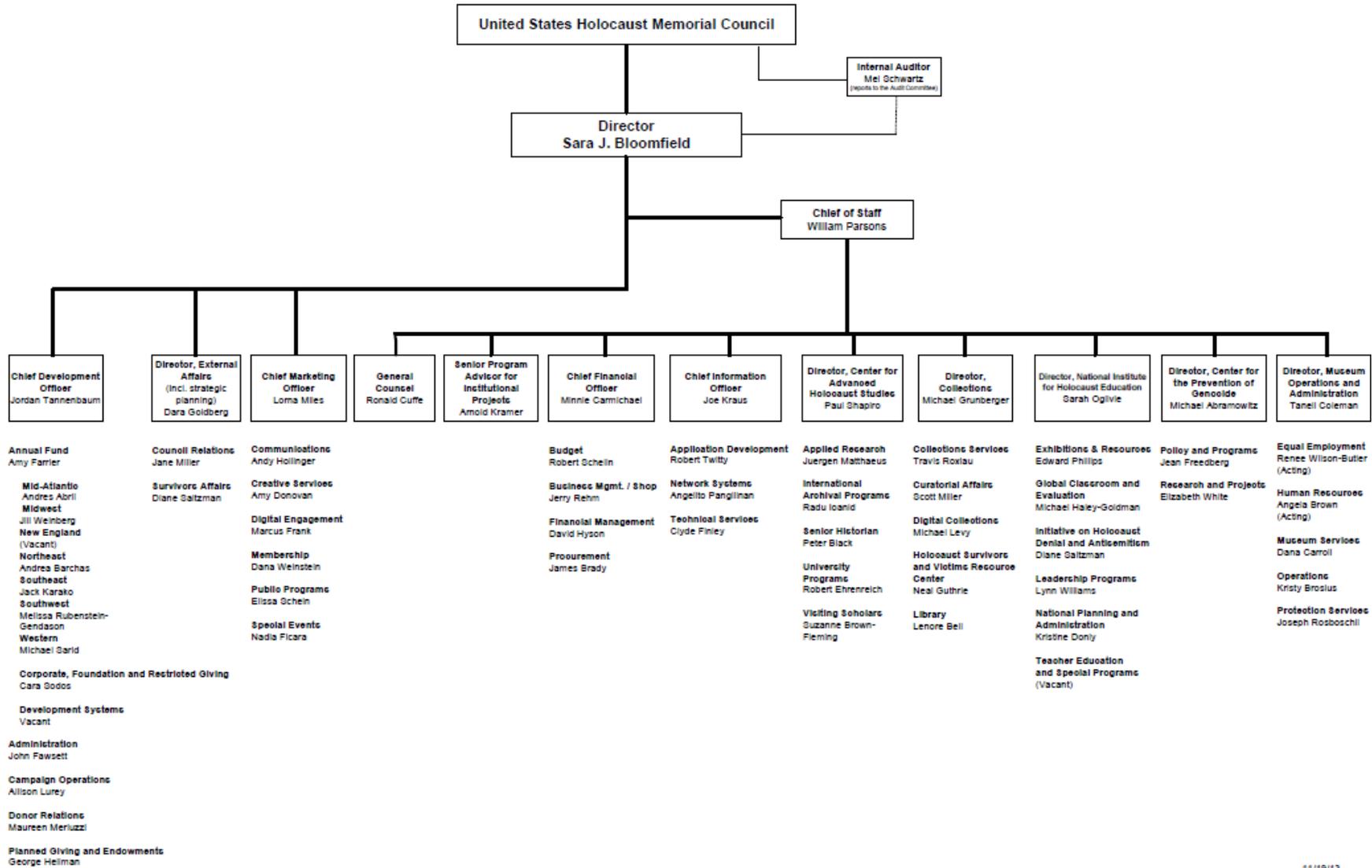
## Government Performance and Results Act Annual Performance Plan - FY 2013

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

| Strategy to achieve objective | FY 2012 Activity planned, target or comparison baseline | Results / Status  |
|-------------------------------|---|---|
|                               | Upgrade the Museum's IT network infrastructure.         | <p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Completed upgrades to:               <ul style="list-style-type: none"> <li>▪ Network connectivity to the federal payroll provider to provide additional bandwidth capacity.</li> <li>▪ Redundant connectivity to Internet using DC-NET service provider.</li> <li>▪ Internet and regional offices' firewall to enhance secure communication between the Museum's DC headquarters and its regional offices around the country.</li> <li>▪ Fiber optic cabling infrastructure to the Wexner Center within the Museum to support newer exhibitions.</li> </ul> </li> </ul>  |
|                               | Upgrade the donated payroll / personnel system.         | <p><b>Met:</b></p> <ul style="list-style-type: none"> <li>• Implemented a new fully Web-based payroll / personnel system using the online platform, UltiPro. This system is schedule to go live for staff usage in December 2013.</li> <li>• Migrated all personnel information of donated staff from the current GSA-based system to the new UltiPro system in preparation for its launch in December 2013.</li> </ul> <p><b>Partially met:</b></p> <ul style="list-style-type: none"> <li>• Developed staff training for using the new system scheduled to be finalized in November 2013 with the training to follow soon after and completed before the launch in December 2013.</li> <li>• Implementing a single sign-on mechanism for accessing the new donated payroll / personnel system in order to provide easier login to the new system along with additional security. Implementation is scheduled to be completed before the system goes live in December 2013.</li> </ul> |

# United States Holocaust Memorial Museum

## Museum Organization Chart



# United States Holocaust Memorial Museum

## Message from the Chief Financial Officer

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November 26, 2013

I am pleased to present the United States Holocaust Memorial Museum's Fiscal Year 2013 *Performance and Accountability Report* which presents both financial and performance information on the Museum's operations in a combined report for the fiscal year ended September 30, 2013. 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 (*36 USC 2302*)

The Museum received an unqualified opinion on its financial statements for Fiscal Year 2013. These statements fully account for both the federal appropriated and nonappropriated funds.

In the past year, we continued efforts to refine and improve the Museum's 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.

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  
Chief Financial Officer  
United States Holocaust Memorial Museum



## Independent Auditor's Report

To the Council Members  
United States Holocaust Memorial Museum  
Washington, D.C.

### Report on the Financial Statements

We have audited the accompanying financial statements of the **United States Holocaust Memorial Museum** (the Museum), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Holocaust Memorial Museum as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

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

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

#### ***Report on Summarized Comparative Information***

We have previously audited the Museum's 2012 financial statements, and our report dated November 15, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent in all material respects, with the audited financial statements from which it has been derived.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 26, 2013, 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 grant agreements 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* in considering the Museum's internal control over financial reporting and compliance.

BDO USA, LLP

November 26, 2013

## Financial Statements

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# United States Holocaust Memorial Museum

## Statement of Financial Position

As of September 30, 2013

(with summarized information as of September 30, 2012)

|  | Nonappropriated<br>Funds | Appropriated<br>Funds | 2013 Total            | 2012 Total            |
|--|--------------------------|-----------------------|-----------------------|-----------------------|
| <b>Assets:</b>                           |                          |                       |                       |                       |
| Cash and fund balance with Treasury      | \$ 2,910,789             | \$ 15,714,948         | \$ 18,625,737         | \$ 20,477,840         |
| Short-term investments                   | 287,210                  | -                     | 287,210               | 274,101               |
| Contributions receivable, net            | 36,526,359               | -                     | 36,526,359            | 18,465,025            |
| Other assets                             | 1,258,701                | 280,735               | 1,539,436             | 1,670,792             |
| Long-term investments                    | 269,597,506              | -                     | 269,597,506           | 242,847,925           |
| Property and equipment, net              | 64,442,754               | 12,709,152            | 77,151,906            | 80,018,067            |
| Collections                              | -                        | -                     | -                     | -                     |
| <b>Total assets</b>                      | <b>\$ 375,023,319</b>    | <b>\$ 28,704,835</b>  | <b>\$ 403,728,154</b> | <b>\$ 363,753,750</b> |
| <b>Liabilities and net assets</b>        |                          |                       |                       |                       |
| <b>Liabilities:</b>                      |                          |                       |                       |                       |
| Accounts payable and accrued expenses    | \$ 4,686,524             | \$ 5,804,982          | \$ 10,491,506         | \$ 10,834,104         |
| Charitable gift annuity liability        | 11,010,040               | -                     | 11,010,040            | 11,146,179            |
| Unexpended appropriations                | -                        | 11,626,318            | 11,626,318            | 13,799,102            |
| <b>Total liabilities</b>                 | <b>15,696,564</b>        | <b>17,431,300</b>     | <b>33,127,864</b>     | <b>35,779,385</b>     |
| <b>Net assets:</b>                       |                          |                       |                       |                       |
| Unrestricted:                            |                          |                       |                       |                       |
| Federal cumulative results of operations | -                        | 11,273,535            | 11,273,535            | 10,067,407            |
| Programming and supporting activities    | 73,331,363               | -                     | 73,331,363            | 71,453,263            |
| Funds functioning as endowment           | 59,910,830               | -                     | 59,910,830            | 58,640,580            |
| <b>Total unrestricted</b>                | <b>133,242,193</b>       | <b>11,273,535</b>     | <b>144,515,728</b>    | <b>140,161,250</b>    |
| Temporarily restricted                   | 59,915,608               | -                     | 59,915,608            | 41,459,384            |
| Permanently restricted                   | 166,168,954              | -                     | 166,168,954           | 146,353,731           |
| <b>Total net assets</b>                  | <b>359,326,755</b>       | <b>11,273,535</b>     | <b>370,600,290</b>    | <b>327,974,365</b>    |
| <b>Commitments and contingencies</b>     |                          |                       |                       |                       |
| <b>Total liabilities and net assets</b>  | <b>\$ 375,023,319</b>    | <b>\$ 28,704,835</b>  | <b>\$ 403,728,154</b> | <b>\$ 363,753,750</b> |

*See accompanying notes to financial statements.*

# United States Holocaust Memorial Museum

## Statement of Activities Year Ended September 30, 2013 (with summarized information for the year ended September 30, 2012)

|  | Nonappropriated<br>Funds | Appropriated<br>Funds | Total<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total 2013            | Total 2012            |
|--|--------------------------|-----------------------|-----------------------|---------------------------|---------------------------|-----------------------|-----------------------|
| <b>Support and revenues:</b>               |                          |                       |                       |                           |                           |                       |                       |
| Federal appropriation revenue              | \$ -                     | \$ 49,959,460         | \$ 49,959,460         | \$ -                      | \$ -                      | \$ 49,959,460         | \$ 48,073,860         |
| Contributions                              | 16,512,847               | -                     | 16,512,847            | 22,153,524                | 13,438,056                | 52,104,427            | 29,675,205            |
| Membership revenue                         | 9,970,171                | -                     | 9,970,171             | -                         | -                         | 9,970,171             | 9,383,625             |
| Museum shop                                | 1,760,709                | -                     | 1,760,709             | -                         | -                         | 1,760,709             | 1,807,700             |
| Investment income, net                     | 20,980,485               | -                     | 20,980,485            | 4,894,625                 | 6,377,167                 | 32,252,277            | 32,754,521            |
| Contributed services                       | 1,868,902                | -                     | 1,868,902             | -                         | -                         | 1,868,902             | 22,882                |
| Imputed financing source                   | -                        | 1,217,349             | 1,217,349             | -                         | -                         | 1,217,349             | 1,663,536             |
| Other                                      | 315,644                  | -                     | 315,644               | -                         | -                         | 315,644               | 270,994               |
| Net assets released from restrictions:     |                          |                       |                       |                           |                           |                       |                       |
| Expiration of time restrictions            | 811,054                  | -                     | 811,054               | (811,054)                 | -                         | -                     | -                     |
| Satisfaction of program restrictions       | 7,780,871                | -                     | 7,780,871             | (7,780,871)               | -                         | -                     | -                     |
| <b>Total support and revenues</b>          | <b>60,000,683</b>        | <b>51,176,809</b>     | <b>111,177,492</b>    | <b>18,456,224</b>         | <b>19,815,223</b>         | <b>149,448,939</b>    | <b>123,652,323</b>    |
| <b>Expenses:</b>                           |                          |                       |                       |                           |                           |                       |                       |
| Program services                           |                          |                       |                       |                           |                           |                       |                       |
| Museum operations                          | 4,187,226                | 24,906,487            | 29,093,713            | -                         | -                         | 29,093,713            | 28,230,286            |
| Center for Advanced Holocaust Studies      | 5,547,886                | 2,429,083             | 7,976,969             | -                         | -                         | 7,976,969             | 7,734,462             |
| National Institute for Holocaust Education | 7,061,170                | 3,894,153             | 10,955,323            | -                         | -                         | 10,955,323            | 10,410,837            |
| Collections                                | 3,077,821                | 5,348,978             | 8,426,799             | -                         | -                         | 8,426,799             | 9,065,971             |
| Center for the Prevention of Genocide      | 1,933,136                | -                     | 1,933,136             | -                         | -                         | 1,933,136             | 1,400,444             |
| Marketing                                  | 11,443,492               | 1,351,442             | 12,794,934            | -                         | -                         | 12,794,934            | 7,363,137             |
| Museum shop                                | 1,657,710                | -                     | 1,657,710             | -                         | -                         | 1,657,710             | 1,770,228             |
| Other outreach programs                    | 2,470,718                | 811,258               | 3,281,976             | -                         | -                         | 3,281,976             | 2,471,111             |
| <b>Total program services</b>              | <b>37,379,159</b>        | <b>38,741,401</b>     | <b>76,120,560</b>     | <b>-</b>                  | <b>-</b>                  | <b>76,120,560</b>     | <b>68,446,476</b>     |
| Supporting services                        |                          |                       |                       |                           |                           |                       |                       |
| Management and general                     | 5,785,486                | 11,229,280            | 17,014,766            | -                         | -                         | 17,014,766            | 16,307,194            |
| Membership development                     | 4,626,828                | -                     | 4,626,828             | -                         | -                         | 4,626,828             | 4,643,210             |
| Fundraising                                | 9,060,860                | -                     | 9,060,860             | -                         | -                         | 9,060,860             | 7,121,383             |
| <b>Total supporting services</b>           | <b>19,473,174</b>        | <b>11,229,280</b>     | <b>30,702,454</b>     | <b>-</b>                  | <b>-</b>                  | <b>30,702,454</b>     | <b>28,071,787</b>     |
| <b>Total expenses</b>                      | <b>56,852,333</b>        | <b>49,970,681</b>     | <b>106,823,014</b>    | <b>-</b>                  | <b>-</b>                  | <b>106,823,014</b>    | <b>96,518,263</b>     |
| <b>Change in net assets</b>                | <b>3,148,350</b>         | <b>1,206,128</b>      | <b>4,354,478</b>      | <b>18,456,224</b>         | <b>19,815,223</b>         | <b>42,625,925</b>     | <b>27,134,060</b>     |
| <b>Net assets - beginning of year</b>      | <b>130,093,843</b>       | <b>10,067,407</b>     | <b>140,161,250</b>    | <b>41,459,384</b>         | <b>146,353,731</b>        | <b>327,974,365</b>    | <b>300,840,305</b>    |
| <b>Net assets - end of year</b>            | <b>\$ 133,242,193</b>    | <b>\$ 11,273,535</b>  | <b>\$ 144,515,728</b> | <b>\$ 59,915,608</b>      | <b>\$ 166,168,954</b>     | <b>\$ 370,600,290</b> | <b>\$ 327,974,365</b> |

*See accompanying notes to financial statements.*

# United States Holocaust Memorial Museum

## Statement of Cash Flows Year Ended September 30, 2013 (with summarized information for the year ended September 30, 2012)

|   | Nonappropriated<br>Funds | Appropriated<br>Funds | 2013 Total           | 2012 Total           |
|---|--------------------------|-----------------------|----------------------|----------------------|
| <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>           |                          |                       |                      |                      |
| Change in net assets  | \$ 41,419,797            | \$ 1,206,128          | \$ 42,625,925        | \$ 27,134,060        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                          |                       |                      |                      |
| Museum depreciation   | 2,724,056                | 1,152,060             | 3,876,116            | 3,879,978            |
| Equipment depreciation  | 510,969                  | 903,773               | 1,414,742            | 1,420,527            |
| Exhibit amortization  | 1,109,357                | 413,248               | 1,522,605            | 1,597,459            |
| Realized/unrealized gain on investments   | (26,383,542)             | -                     | (26,383,542)         | (26,959,128)         |
| Change in allowance for doubtful accounts   | 66,881                   | -                     | 66,881               | 78,149               |
| Change in discount to present value of contributions receivable                                       | 4,072,274                | -                     | 4,072,274            | (265,597)            |
| Contributions of permanently restricted net assets  | (11,677,089)             | -                     | (11,677,089)         | (2,510,663)          |
| Changes in assets and liabilities:  |                          |                       |                      |                      |
| Decrease (increase) in:   |                          |                       |                      |                      |
| Contributions receivable, net   | (22,200,489)             | -                     | (22,200,489)         | 617,997              |
| Other assets  | 157,880                  | (26,524)              | 131,356              | (505,580)            |
| Increase (decrease) in:   |                          |                       |                      |                      |
| Accounts payable and accrued expenses   | 99,890                   | (442,488)             | (342,598)            | 1,860,357            |
| Charitable gift annuity liability   | (136,139)                | -                     | (136,139)            | 6,338,128            |
| Unexpended appropriations   | -                        | (2,172,784)           | (2,172,784)          | 2,425,848            |
| <b>Net cash (used in) provided by operating activities</b>  | <b>(10,236,155)</b>      | <b>1,033,413</b>      | <b>(9,202,742)</b>   | <b>15,111,535</b>    |
| <b>Cash flows from investing activities:</b>  |                          |                       |                      |                      |
| Capital expenditures  | (298,480)                | (3,648,822)           | (3,947,302)          | (2,181,999)          |
| Purchases of investments  | (64,562,024)             | -                     | (64,562,024)         | (75,846,870)         |
| Proceeds from sale of investments   | 64,182,876               | -                     | 64,182,876           | 65,149,465           |
| <b>Net cash used in investing activities</b>  | <b>(677,628)</b>         | <b>(3,648,822)</b>    | <b>(4,326,450)</b>   | <b>(12,879,404)</b>  |
| <b>Cash flows from financing activities:</b>  |                          |                       |                      |                      |
| Permanently restricted contributions  | 11,677,089               | -                     | 11,677,089           | 2,510,663            |
| <b>Net cash provided by financing activities</b>  | <b>11,677,089</b>        | <b>-</b>              | <b>11,677,089</b>    | <b>2,510,663</b>     |
| <b>Net increase (decrease) in cash and fund balance with Treasury</b>                                 | <b>763,306</b>           | <b>(2,615,409)</b>    | <b>(1,852,103)</b>   | <b>4,742,794</b>     |
| <b>Cash and fund balance with Treasury - beginning of year</b>  | <b>2,147,483</b>         | <b>18,330,357</b>     | <b>20,477,840</b>    | <b>15,735,046</b>    |
| <b>Cash and fund balance with Treasury - end of year</b>  | <b>\$ 2,910,789</b>      | <b>\$ 15,714,948</b>  | <b>\$ 18,625,737</b> | <b>\$ 20,477,840</b> |
| <b>Supplemental data:</b>   |                          |                       |                      |                      |
| Non-cash investing and financing activities:  |                          |                       |                      |                      |
| Gifts of securities   | \$ 1,774,325             | \$ -                  | \$ 1,774,325         | \$ 375,420           |

*See accompanying notes to financial statements.*

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### 1. Organization and Purpose

#### *Organization and Governance*

The United States Holocaust Memorial Council 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 (the 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 their term in 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 nonappropriated 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 nonappropriated funds of the Museum.

#### *Tax-Exempt Status*

The Museum is exempt from income taxation, except for its unrelated business income, under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Museum recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

The Museum adopted the provisions of Financial Accounting Standards Board (FASB), *Accounting for Uncertainty in Income Taxes* Accounting Standards Codification (ASC) 740-10, on July 1, 2007. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The implementation of ASC 740-10 had no impact on the Museum's financial statements. The Museum does not believe there are any material uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax benefits. The Museum has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Museum has filed Internal Revenue Service (IRS) Form 990 and Form 990-T tax returns as required and all other applicable returns in those jurisdictions where it is required. The Museum believes that it is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010. For the year ended September 30, 2013 and 2012, there were no interest or penalties recorded or included in the statement of activities.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### 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 (U.S. GAAP). The Museum's financial statements are presented in accordance with FASB ASC 958-205, *Not-For-Profit Presentation of Financial Statements*.

The statement of activities 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. GAAP. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

#### *Accounting Pronouncements Adopted*

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). ASU 2011-04 amended ASC No. 820, *Fair Value Measurements and Disclosures*, to provide a consistent definition of fair value and improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs. Some of the amendments clarify the application of existing fair value measurement and disclosure requirements, while other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The adoption of this standard did not have a material effect on the Museum's financial position and activities. Additional disclosures required by the standard were included in the financial statements in Note 4.

In February 2013, FASB issued ASU 2013-03, *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities* (ASU 2013-03). This Update was issued to resolve an inconsistency within ASU 2011-04. In that ASU, FASB expressed an intent to exempt nonpublic entities from the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized (Level 1, 2 or 3) for items that are not measured at fair value in the balance sheet, but for which fair value is disclosed in the footnotes. However, the text itself in ASU 2011-04 suggested that nonpublic entities would not qualify for the intended exemption if the entity has total assets greater than \$100 million or has one or more derivative instruments. To address this conflict, the amendments in ASU 2013-03 confirm that a nonpublic entity is not required to provide the disclosure mentioned above, regardless of whether its assets exceed \$100 million or holds a derivative instrument. The amendment is effective for nonpublic entities for periods beginning after December 15, 2011. The adoption of this standard did not have a material effect on the Museum's financial position and activities.

#### *Recent Accounting Pronouncements*

In October 2012, FASB issued ASU 2012-04, *Technical Corrections and Improvements* (ASU 2012-04). The amendments in ASU 2012-04 cover a wide range of Topics in the ASC. Those amendments are presented in two sections - Technical Corrections and Improvements (Section A) and Conforming Amendments Related to Fair Value Measurements (Section B). The amendments in Section A have been categorized as source literature amendments, guidance clarification and

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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relocated guidance. The amendments in Section B are intended to conform terminology and clarify certain guidance in various Topics of the ASC to fully reflect the fair value measurement and disclosure requirements of Topic 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2013.

In October 2012, FASB issued ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)* (ASU 2012-05). The amendments in ASU 2012-05 address the diversity in practice under U.S. GAAP about the presentation of the cash receipts from the sale of donated financial assets in the statement of cash flows as either an operating, investing or financing activity. The amendments are effective prospectively for fiscal years beginning after June 15, 2013.

The Museum is currently assessing the impact of these amendments.

Significant accounting policies followed are summarized below:

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

Cash for nonappropriated 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 the Treasury.

The Museum maintains cash balances with federally insured institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 on interest-bearing accounts per bank at September 30, 2013 and 2012. The Museum holds the majority of its cash in non-interest bearing accounts and is fully insured as of September 30, 2013 and 2012. The Museum has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and fund balance with Treasury.

### *(b) Investments*

Investments are reported at fair value, with gains and losses included in the statement of activities. Short-term 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.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### *(c) Financial Instruments and Credit Risk*

Financial instruments which potentially subject the Museum to a concentration of credit risk consist principally of investments held by creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risk caused by concentration.

Approximately 54% of the Museum's gross contributions receivable as of September 30, 2013 are due from three grantors. The Museum believes the credit risk is mitigated based on a long history with the grantors, and management's ongoing considerations around collectability of its receivables. The credit risk with respect to the remaining contributions receivable is considered limited due to the large donor base.

### *(d) Split-Interest Agreements*

Split-interest agreements with donors consist of charitable gift annuities and interests 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 interests 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 its 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.

### *(e) 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 receivables. Changes in the allowance for uncollectible contributions are recorded as bad debt expense.

### *(f) 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 DVDs, to the public. The Museum Shop's inventory was \$383,261 and \$355,228 as of September 30, 2013 and 2012, respectively, and is valued at the lower of cost or market using the first-in, first-out inventory valuation method.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### *(g) Property and Equipment*

Furniture and equipment are stated at cost. The Museum capitalizes all property and equipment having a useful life of one year or more and an acquisition cost of \$5,000 or more per unit. 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 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 amortized on the straight-line basis over 30 or 40 years and temporary exhibitions are amortized on a straight-line basis over the life of the specific exhibition. Renovations and improvements are recorded, and depreciated and/or amortized, 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.

### *(h) Impairment of Long-Lived Assets*

The Museum reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statement of activities, to its current fair value.

### *(i) Collections*

The Museum acquires its collections, which include works of art, artifacts, archives, film and video, oral histories, 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 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 the year for appropriated and nonappropriated employees. This liability is reflected in accounts payable and accrued expenses in the accompanying statement of financial position.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### *(k) Net Assets*

The Museum classifies nonappropriated 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) 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 that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Museum, and are recorded as permanently restricted support in the year received in the accompanying statement of activities.

### *(m) Membership Revenue*

Membership dues are considered contributions and are recognized as revenue in the period received.

### *(n) 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.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### *(o) Nonappropriated Funds*

The nonappropriated 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.

### *(p) Imputed Financing Source*

The Museum recognizes the costs of pension 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.

### *(q) Expenses*

Expenses are recognized by the Museum during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Program expenses refer to activities that further the Museum's mission.

Supporting expenses refer to general administrative expenses of operating the Museum.

Fundraising costs include both membership development and fundraising expenses.

### *(r) Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

### *(s) 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, accounts payable, and accrued liabilities approximated their fair values. The value of contributions receivable is estimated present value of discounted cash flows using a current risk free rate. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates.

The Museum applies fair value measurements of financial assets and financial liabilities and 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 principal (or most advantageous) market.

The Museum investments include a significant number of investment funds whose fair market values are reported using the net asset value (NAV) methodology. These funds calculate NAV and

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

operate in all material respects in conformance with American Institute of Certified Public Accountants (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.

### 3. Cash and Fund Balance with Treasury

Cash and fund balance with Treasury represent nonappropriated and appropriated funds, respectively.

Appropriated fund balance with Treasury at September 30 consists of the following:

|   | 2013          | 2012          |
|---|---------------|---------------|
| Status of fund balance with Treasury:         |               |               |
| Unobligated balance:                          |               |               |
| Available                                     | \$ 4,470,502  | \$ 4,806,422  |
| Unavailable                                   | 824,806       | 844,475       |
| Obligated not yet disbursed                   | 10,419,640    | 12,679,460    |
| Total appropriated fund balance with Treasury | \$ 15,714,948 | \$ 18,330,357 |

### 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 consist of the following:

|                    | 2013       | 2012       |
|--------------------|------------|------------|
| Money market funds | \$ 263,489 | \$ 263,139 |
| Donated stock      | 23,721     | 10,962     |
| Total              | \$ 287,210 | \$ 274,101 |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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

|                                    | 2013                  | 2012                  |
|------------------------------------|-----------------------|-----------------------|
| Investments:                       |                       |                       |
| Portfolio cash equivalents         | \$ 20,708,579         | \$ 10,747,859         |
| U.S. large cap equities            | 56,197,112            | 52,839,495            |
| U.S. small to mid-cap equities     | 19,394,736            | 15,341,291            |
| International markets equities     | 23,080,354            | 25,626,654            |
| Emerging markets equities          | 9,703,155             | 1,088,407             |
| Global equities                    | 7,942,943             | 6,904,655             |
| Fixed income mutual funds          | 26,567,943            | 26,690,073            |
| Multi-strategy mutual funds        | 25,533,148            | 10,615,249            |
| High yield corporate bond funds    | 10,991,286            | 20,198,349            |
| Bank loan fund                     | 10,884,239            | 10,419,052            |
| Equity long/short hedge funds      | 10,771,135            | 9,330,504             |
| Event driven hedge funds           | 28,047,847            | 26,394,638            |
| Multi-strategy hedge funds         | 1,060,602             | 7,145,906             |
| State of Israel bonds              | 430,554               | 474,062               |
| Gift annuity program investments:  |                       |                       |
| Portfolio cash equivalents         | 637,498               | 403,847               |
| Domestic equities and fixed income | 17,646,375            | 18,627,884            |
| <b>Total</b>                       | <b>\$ 269,597,506</b> | <b>\$ 242,847,925</b> |

Net investment income for the years ended September 30 is summarized below:

|                                   | 2013                 | 2012                 |
|-----------------------------------|----------------------|----------------------|
| Interest and dividends            | \$ 7,053,158         | \$ 6,932,783         |
| Net realized and unrealized gains | 26,383,542           | 26,959,128           |
| Investment management fees        | (1,184,423)          | (1,137,390)          |
| <b>Net investment income</b>      | <b>\$ 32,252,277</b> | <b>\$ 32,754,521</b> |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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As described in note 2, the Museum applies the fair value hierarchy which 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:

- Level 1: Quoted prices in active markets for identical assets or liabilities. This level generally includes cash, certain U.S. large cap equities, U.S. small to mid cap equities, fixed income mutual funds, multi-strategy mutual funds, high yield corporate bond funds, 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; quoted 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 category generally includes holdings which cannot be liquidated daily including certain U.S. large cap equities, international markets equities, emerging markets equities, and domestic equities and fixed income.
- 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 global equities, multi-strategy mutual funds, certain high yield corporate bond funds, bank loan fund, equity long/short hedge funds, event driven hedge funds, multi-strategy hedge funds, and interests in charitable 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.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2013:

|  | Level 1               | Level 2              | Level 3              | Total                 |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Short-term investments:  |                       |                      |                      |                       |
| Money market funds   | \$ 263,489            | \$ -                 | \$ -                 | \$ 263,489            |
| Donated stock  | 23,721                | -                    | -                    | 23,721                |
| Short-term investments subtotal                                      | 287,210               | -                    | -                    | 287,210               |
| Long-term investments:   |                       |                      |                      |                       |
| Portfolio cash equivalents   | 20,708,579            | -                    | -                    | 20,708,579            |
| U.S. large cap equities  | 28,048,948            | 28,148,164           | -                    | 56,197,112            |
| U.S. small to mid-cap equities                                       | 19,394,736            | -                    | -                    | 19,394,736            |
| International markets equities                                       | -                     | 23,080,354           | -                    | 23,080,354            |
| Emerging markets equities  | -                     | 9,703,155            | -                    | 9,703,155             |
| Global equities  | -                     | -                    | 7,942,943            | 7,942,943             |
| Fixed income mutual funds  | 26,567,943            | -                    | -                    | 26,567,943            |
| Multi-strategy mutual funds  | 20,518,258            | -                    | 5,014,890            | 25,533,148            |
| High yield corporate bond funds                                      | 10,991,286            | -                    | -                    | 10,991,286            |
| Bank loan fund   | -                     | -                    | 10,884,239           | 10,884,239            |
| Equity long/short hedge funds  | -                     | -                    | 10,771,135           | 10,771,135            |
| Event driven hedge funds   | -                     | -                    | 28,047,847           | 28,047,847            |
| Multi-strategy hedge funds   | -                     | -                    | 1,060,602            | 1,060,602             |
| State of Israel bonds  | 430,554               | -                    | -                    | 430,554               |
| Gifts annuity program investments:                                   |                       |                      |                      |                       |
| Portfolio cash equivalents   | 637,498               | -                    | -                    | 637,498               |
| Domestic equities and fixed income                                   | -                     | 17,646,375           | -                    | 17,646,375            |
| Long-term investments subtotal                                       | 127,297,802           | 78,578,048           | 63,721,656           | 269,597,506           |
| Interest in charitable trusts - included in contributions receivable | -                     | -                    | 1,411,801            | 1,411,801             |
| <b>Total</b>   | <b>\$ 127,585,012</b> | <b>\$ 78,578,048</b> | <b>\$ 65,133,457</b> | <b>\$ 271,296,517</b> |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2012:

|  | Level 1       | Level 2       | Level 3       | Total          |
|--|---------------|---------------|---------------|----------------|
| Short-term investments:  |               |               |               |                |
| Money market funds   | \$ 263,139    | \$ -          | \$ -          | \$ 263,139     |
| Donated stock  | 10,962        | -             | -             | 10,962         |
| Short-term investments subtotal                                      | 274,101       | -             | -             | 274,101        |
| Long-term investments:   |               |               |               |                |
| Portfolio cash equivalents   | 10,747,859    | -             | -             | 10,747,859     |
| U.S. large cap equities  | 22,354,589    | 30,484,906    | -             | 52,839,495     |
| U.S. small to mid-cap equities                                       | 15,341,291    | -             | -             | 15,341,291     |
| International markets equities                                       | -             | 25,626,654    | -             | 25,626,654     |
| Emerging markets equities  | -             | 1,088,407     | -             | 1,088,407      |
| Global equities  | -             | -             | 6,904,655     | 6,904,655      |
| Fixed income mutual funds  | 26,690,073    | -             | -             | 26,690,073     |
| Multi-strategy mutual funds  | 10,615,249    | -             | -             | 10,615,249     |
| High yield corporate bond funds                                      | 10,393,891    | -             | 9,804,458     | 20,198,349     |
| Bank loan fund   | -             | -             | 10,419,052    | 10,419,052     |
| Equity long/short hedge funds  | -             | -             | 9,330,504     | 9,330,504      |
| Event driven hedge funds   | -             | -             | 26,394,638    | 26,394,638     |
| Multi-strategy hedge funds   | -             | -             | 7,145,906     | 7,145,906      |
| State of Israel bonds  | 474,062       | -             | -             | 474,062        |
| Gifts annuity program investments:                                   |               |               |               |                |
| Portfolio cash equivalents   | 403,847       | -             | -             | 403,847        |
| Domestic equities and fixed income                                   | -             | 18,627,884    | -             | 18,627,884     |
| Long-term investments subtotal                                       | 97,020,861    | 75,827,851    | 69,999,213    | 242,847,925    |
| Interest in charitable trusts - included in contributions receivable |               |               |               |                |
|  | -             | -             | 1,034,211     | 1,034,211      |
| Total  | \$ 97,294,962 | \$ 75,827,851 | \$ 71,033,424 | \$ 244,156,237 |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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, 2013:

|                                       | Beginning<br>balance<br>October 1,<br>2012 | Dividend<br>and interest<br>income | Realized<br>gains/<br>(losses) | Unrealized<br>gains/<br>(losses) | Purchases          | Sales                 | Issuances   | Settlements | Ending balance<br>September 30,<br>2013 |
|---------------------------------------|--|------------------------------------|--------------------------------|----------------------------------|--------------------|-----------------------|-------------|-------------|---|
| Global equities                       | \$ 6,904,655                               | \$ 125,550                         | \$ -                           | \$ 912,738                       | \$ -               | \$ -                  | \$ -        | \$ -        | \$ 7,942,943                            |
| Multi-strategy<br>mutual funds        | -  | -                                  | -                              | 14,890                           | 5,000,000          | -                     | -           | -           | 5,014,890                               |
| Bank loan fund                        | 10,419,052                                 | 547,807                            | 337                            | (82,957)                         | -                  | -                     | -           | -           | 10,884,239                              |
| Equity long/short<br>hedge funds      | 9,330,504                                  | -                                  | -                              | 1,440,631                        | -                  | -                     | -           | -           | 10,771,135                              |
| Event driven hedge<br>funds           | 26,394,638                                 | 1,281,950                          | 554,235                        | 1,493,412                        | -                  | (1,676,388)           | -           | -           | 28,047,847                              |
| Multi-strategy<br>hedge funds         | 7,145,906                                  | 71                                 | 538,435                        | 41,736                           | -                  | (6,665,546)           | -           | -           | 1,060,602                               |
| Interest in<br>charitable<br>trusts   | 1,034,211                                  | -                                  | -                              | -                                | 377,590            | -                     | -           | -           | 1,411,801                               |
| High yield<br>corporate<br>bond funds | 9,804,458                                  | 875,301                            | 267,732                        | (763,092)                        | -                  | (10,184,399)          | -           | -           | -                                       |
| <b>Total</b>                          | <b>\$71,033,424</b>                        | <b>\$2,830,679</b>                 | <b>\$1,360,739</b>             | <b>\$3,057,358</b>               | <b>\$5,377,590</b> | <b>\$(18,526,333)</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 65,133,457</b>                    |

The following table presents the Museum's activity for Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2012:

|                                       | Beginning<br>balance<br>October 1,<br>2011 | Dividend<br>and interest<br>income | Realized<br>gains/<br>(losses) | Unrealized<br>gains/<br>(losses) | Purchases           | Sales                | Issuances   | Settlements | Ending balance<br>September 30,<br>2012 |
|---------------------------------------|--|------------------------------------|--------------------------------|----------------------------------|---------------------|----------------------|-------------|-------------|---|
| Global equities                       | \$ 6,168,573                               | \$ 138,160                         | \$ -                           | \$ 597,922                       | \$ -                | \$ -                 | \$ -        | \$ -        | \$ 6,904,655                            |
| High yield<br>corporate<br>bond funds | 8,284,507                                  | 914,884                            | -                              | 605,067                          | -                   | -                    | -           | -           | 9,804,458                               |
| Bank loan fund                        | -  | 211,128                            | (66)                           | 207,990                          | 10,000,000          | -                    | -           | -           | 10,419,052                              |
| Equity long/short<br>hedge funds      | 8,427,570                                  | -                                  | -                              | 902,934                          | -                   | -                    | -           | -           | 9,330,504                               |
| Event driven hedge<br>funds           | 23,798,546                                 | 1,036,328                          | 222,324                        | 2,204,099                        | 167,000             | (1,033,659)          | -           | -           | 26,394,638                              |
| Multi-strategy<br>hedge funds         | 7,827,165                                  | 35                                 | -                              | 375,697                          | -                   | (1,056,991)          | -           | -           | 7,145,906                               |
| Interest in<br>charitable<br>trusts   | 1,049,211                                  | -                                  | -                              | -                                | -                   | (15,000)             | -           | -           | 1,034,211                               |
| <b>Total</b>                          | <b>\$55,555,572</b>                        | <b>\$2,300,535</b>                 | <b>\$ 222,258</b>              | <b>\$4,893,709</b>               | <b>\$10,167,000</b> | <b>\$(2,105,650)</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 71,033,424</b>                    |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### Quantitative Information

Quantitative information as of September 30, 2013, with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

#### *Investments*

Quantitative unobservable inputs are not developed by the Museum in the valuation of its investments. The Museum uses the values reported by each fund manager as the basis for valuation noting that the valuation techniques and unobservable inputs vary widely among its fund managers.

#### *Interest in Charitable Trusts*

| Description                   | Fair Value   | Principal Valuation Techniques | Unobservable Inputs  | Weighted Average |
|-------------------------------|--------------|--------------------------------|--|------------------|
| Interest in charitable trusts | \$ 1,411,801 | Income Approach                | Discount rates<br>Life expectancies<br>Trust payouts<br>Allocation percentages | N/A              |

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### Level 3 Valuation Process

#### *Investments*

Absent a solid, reliable quantitative model to assess the reasonableness of investment manager reported valuations, the Museum's management applies qualitative measures which consist of various informational analyses including:

- Comparisons of reported performance to benchmark performances, with particular interest in fund performance in excess of 5% above or below appropriate benchmarks.
- Reviews of external audit reports of each fund.
- Reviews of SSAE16 reports of each fund, where available.
- Monitoring and evaluations of relevant news in the financial press.
- Participation in conference calls, presentations, or investor meetings conducted by investment managers.
- Consideration and review of non-public information available through subscription financial information services and/or communications from individual fund managers.
- Consideration of fund managers' delivery of quality and timely fund performance information, risk analysis, market outlook analysis and overall responsiveness to investor queries and requests for information.

The Museum's investment advisor also performs on-going due diligence of the funds which includes evaluation of each fund manager's investment process, organizational changes, compliance with applicable rules and regulations, review of fees and charges, and analysis of performance, leverage, return patterns, volatility over time, drawdowns and recovery periods, gross and net exposures, and other factors as determined to be appropriate. The Museum's investment advisor

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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also has regular calls with management of the funds and meets periodically with the Museum's Investment Committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2013 and 2012.

### *Interest in Charitable Trusts*

For interest in charitable trusts, the Museum gathers as much information as possible for each instrument, including the initial and current trust value, the amount allocated to the Museum, the date of birth of any other beneficiaries and payout amounts. The Museum uses a standard charitable gift calculation model using these inputs and a standard discount rate reset each year based on current IRS discount rates. For any input not readily available, management develops a best estimate for use in the calculation. There were no changes in valuation techniques for these receivables for 2013 and 2012.

### Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Observable Inputs

#### *Investments*

The significant unobservable inputs used in the fair value measurement of the Museum's investments are subject to market risks resulting from changes in the market value of their underlying investments.

#### *Interest in Charitable Trusts*

The significant unobservable inputs used in the fair value measurement of the Museum's interest in charitable trusts are subject to risks resulting from changes in appropriate discount rates due to general economic fluctuations, and differences in life expectancies and actualities.

The estimated fair values of the Museum's financial instruments that are not measured at fair value on a recurring basis as of September 30, 2013 are as follows:

|                                   | Carrying Amount | Fair Value    |
|-----------------------------------|-----------------|---------------|
| Contributions receivable          | \$ 36,526,359   | \$ 34,195,647 |
| Charitable gift annuity liability | \$ 11,010,040   | \$ 11,262,230 |

The estimated fair values of the Museum's financial instruments that are not measured at fair value on a recurring basis as of September 30, 2012 are as follows:

|                                   | Carrying Amount | Fair Value    |
|-----------------------------------|-----------------|---------------|
| Contributions receivable          | \$ 18,465,025   | \$ 19,614,183 |
| Charitable gift annuity liability | \$ 11,146,179   | \$ 12,309,692 |

Estimates of fair value at September 30, 2013 and 2012, were determined in accordance with ASC 820. ASC 820 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Consistent with ASC 820, the disclosure excludes non-financial assets and liabilities.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

The carrying amount is the amount at which the financial instrument is recorded on the books of the Museum.

*Contributions receivable:* Based on expected future cash flows, discounted at currently offered rates if the pledge is for a period greater than one year.

*Charitable gift annuity liability:* Fair value is estimated based on the present value of future cash flows expected to be paid to the donor or the donor's designee using the current IRS discount rates.

Cash and fund balance with Treasury, accounts payable and accrued expenses and unexpended appropriations are recorded in the financial statements at historical cost. The historical cost basis for these accounts is estimated to approximate their respective fair values due the short maturity of these instruments.

### Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) - Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, the Museum expanded disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable.

The following table presents the nature and risk of assets with fair values estimated using NAV as a practical expedient held at September 30, 2013:

|                                | Fair Value            | Unfunded commitments | Redemption Frequency     | Redemption notice period |
|--------------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| U.S. large cap equities        | \$ 28,148,164         | \$ -                 | daily to monthly         | none to 10 days          |
| International markets equities | 23,080,354            | -                    | daily to monthly         | none to 6 days           |
| Emerging markets equities      | 9,703,155             | -                    | daily to quarterly       | none to 10 days          |
| Global equities                | 7,942,943             | -                    | semi-annually            | 75 days                  |
| Multi-strategy mutual funds    | 5,014,890             | -                    | quarterly                | 30 days                  |
| Bank loan fund                 | 10,884,239            | -                    | quarterly                | 90 days                  |
| Equity long/short hedge funds  | 10,771,135            | -                    | quarterly                | 45 days                  |
| Event driven hedge funds       | 28,047,847            | 5,000,000            | quarterly to at maturity | none to 90 days          |
| Multi-strategy hedge funds     | 1,060,602             | -                    | annually                 | N/A                      |
| <b>Total</b>                   | <b>\$ 124,653,329</b> | <b>\$ 5,000,000</b>  |                          |                          |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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U.S. large cap equities include investments in two funds which are mutual funds with values set on a daily basis. International markets equities include investments in two funds. One of these investments estimates fair values using the NAV per share on a monthly basis and the other investment is a mutual fund with a manager reported NAV based on daily closing market values. Emerging markets equities include investment in two funds. One is mutual fund with a value set on a daily basis. The other one is an investment in a limited partnership with reported values based on closing market prices. Global equities and multi-strategy mutual funds are each invested in one fund which is estimated at fair values using NAV per share. For all funds where the NAV is used as a basis for estimating fair value not validated by active markets, the Museum obtains independent audited statements as of the funds' year-end and reconciles the audited balance to the Museum's reported balance.

Bank loan fund is composed of one investment, a limited partnership that invests in senior loans and other senior debt instruments including bridge loans for high yield bond commitments. The fair value of the investments in this category is estimated using the NAV per share. The Museum obtains independent audited statements for this partnership which is reconciled to the Museum's reported balances.

The Museum's investments in hedge funds include an investment in an equity long/short fund, four investments in event driven funds, and one investment in multi-strategy hedge funds. The fair values in these categories are estimated using the NAV per share. The Museum obtains independent audited statements for these investments, which are reconciled to the Museum's reported balances.

In the event driven hedge funds, one investment, totaling \$6.3 million restricts the withdrawals to 25% in non-consecutive quarters and an investment of \$1.1 million in a multi-strategy hedge fund is in the process of liquidating the remaining side pocket investment. The remaining hedge fund investments provide for quarterly redemption.

### 5. Split-Interest Agreements

Split-interest agreements include charitable gift annuities and interests in charitable trusts. The charitable gift annuities are valued at approximately \$18.3 million and \$19.0 million in 2013 and 2012, respectively. These investments are recognized at fair value using quoted market prices. An annuity liability for approximately \$11.0 million and \$11.1 million in 2013 and 2012, respectively, is reported in charitable gift annuity liability 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 \$850,757 and \$958,513, respectively, in 2013 and \$3,297,518 and (\$354,078), respectively, in 2012 and is included in contributions revenue.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

### 6. Contributions Receivable

Contributions receivable as of September 30 included the following unconditional promises to give:

|   | 2013                 | 2012                 |
|---|----------------------|----------------------|
| Amounts due in:                         |                      |                      |
| Less than one year                      | \$ 2,961,374         | \$ 3,567,431         |
| One to five years                       | 27,629,363           | 14,187,285           |
| More than five years                    | 12,224,922           | 2,860,454            |
| <b>Subtotal</b>                         | <b>42,815,659</b>    | <b>20,615,170</b>    |
| Less:                                   |                      |                      |
| Allowance for doubtful accounts         | (1,030,126)          | (963,245)            |
| Discount to present value (1.6% - 3.9%) | (5,259,174)          | (1,186,900)          |
| <b>Total</b>                            | <b>\$ 36,526,359</b> | <b>\$ 18,465,025</b> |

### 7. Property and Equipment

At September 30, 2013, property and equipment consisted of the following:

|   | Nonappropriated<br>funds | Appropriated<br>funds | Total                |
|---|--------------------------|-----------------------|----------------------|
| Buildings and capital improvement                 | \$ 108,896,448           | \$ 21,278,368         | \$130,174,816        |
| Furniture and equipment                           | 6,738,351                | 11,959,365            | 18,697,716           |
| Exhibitions                                       | 30,290,417               | 12,892,866            | 43,183,283           |
| Leasehold improvements                            | 1,562,428                | 63,505                | 1,625,933            |
| <b>Total property and equipment</b>               | <b>147,487,644</b>       | <b>46,194,104</b>     | <b>193,681,748</b>   |
| Less accumulated depreciation and<br>amortization | (83,044,890)             | (33,484,952)          | (116,529,842)        |
| <b>Total property and equipment, net</b>          | <b>\$ 64,442,754</b>     | <b>\$ 12,709,152</b>  | <b>\$ 77,151,906</b> |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

At September 30, 2012, property and equipment consisted of the following:

|   | Nonappropriated<br>funds | Appropriated<br>funds | Total                |
|---|--------------------------|-----------------------|----------------------|
| Buildings and capital improvement                 | \$ 108,896,449           | \$ 20,403,275         | \$129,299,724        |
| Furniture and equipment                           | 6,685,451                | 11,343,597            | 18,029,048           |
| Exhibitions                                       | 30,044,836               | 10,734,905            | 40,779,741           |
| Leasehold improvements                            | 1,562,428                | 63,505                | 1,625,933            |
| <b>Total property and equipment</b>               | <b>147,189,164</b>       | <b>42,545,282</b>     | <b>189,734,446</b>   |
| Less accumulated depreciation and<br>amortization | (78,700,508)             | (31,015,871)          | (109,716,379)        |
| <b>Total property and equipment, net</b>          | <b>\$ 68,488,656</b>     | <b>\$ 11,529,411</b>  | <b>\$ 80,018,067</b> |

Depreciation and amortization expense for the years ended September 30, 2013 and 2012 was \$6,813,463 and \$6,897,964, respectively.

### 8. Appropriated Funds

The fiscal year 2013 and 2012 Federal appropriations (net of rescissions) totaled \$48,063,934 and \$50,716,724, respectively, which includes appropriations of \$1,195,969 and \$1,261,978 for exhibition design and production, and \$1,797,737 and \$1,896,960 for building repair and rehabilitation, for fiscal years 2013 and 2012, respectively, to be used by the Museum until fully expended. The Federal appropriations also include additional funding for a three year appropriation in the amount of \$487,282 and \$514,176, for fiscal years 2013 and 2012, respectively, to be used for equipment replacement.

Below is a reconciliation of the fiscal year 2013 and 2012 Federal appropriations received to Federal appropriations expended and recognized as revenue:

|   | 2013      |                   | 2012      |                   |
|---|-----------|-------------------|-----------|-------------------|
| Federal appropriation (net of rescissions) received               | \$        | 48,063,934        | \$        | 50,716,724        |
| Unexpended appropriation - current year                           |           | (6,618,197)       |           | (8,635,499)       |
| Amounts obligated in previous years - expended in<br>current year |           | 8,513,723         |           | 5,992,635         |
| <b>Federal appropriation revenue</b>                              | <b>\$</b> | <b>49,959,460</b> | <b>\$</b> | <b>48,073,860</b> |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

Below is a reconciliation of the spending of the fiscal year 2013 and 2012 Federal appropriations:

|   | 2013          | 2012          |
|---|---------------|---------------|
| Total expenses  | \$ 49,970,681 | \$ 49,840,965 |
| Depreciation and amortization                                     | (2,469,081)   | (2,526,982)   |
| Unpaid vacation and other unfunded expenses                       | (1,219,712)   | (1,665,944)   |
| Prepayments and others  | 28,750        | 243,822       |
| Unexpended appropriation - current year                           | 6,618,197     | 8,635,499     |
| Amounts obligated in previous years -<br>expended in current year | (8,513,723)   | (5,992,635)   |
| Capital expenditures  | 3,648,822     | 2,181,999     |
| Federal appropriation   | \$ 48,063,934 | \$ 50,716,724 |

### 9. Commitments and Contingencies

The Museum has leases for regional offices, warehouses, and additional office space. These leases expire at various dates through 2018. Annual minimum lease payments due under operating leases in effect at September 30, 2013, by year and in the aggregate, are summarized as follows:

|            |               |
|------------|---------------|
| 2014       | \$ 2,879,215  |
| 2015       | 2,571,108     |
| 2016       | 2,162,380     |
| 2017       | 2,142,972     |
| 2018       | 684,577       |
| Thereafter | -             |
| Total      | \$ 10,440,252 |

Rent expense for fiscal year 2013 and 2012 was \$2,865,839 and \$3,076,505, respectively. This amount was composed of appropriated funds and nonappropriated funds of \$2,513,354 and \$352,485, and \$2,725,426 and \$351,079 in 2013 and 2012, 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, 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 2013 and 2012 was \$3,012,665 and \$3,376,705, 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 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

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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and life insurance benefits. In fiscal year 2013 and 2012, the Museum, utilizing OPM's cost factors, recognized \$322,161 and \$642,531 of pension expenses, \$892,680 and \$1,017,975 of postretirement health benefits expenses, and \$2,508 and \$3,331, respectively, of postretirement life insurance expenses, beyond amounts actually paid. The Museum recognized offsetting revenue of \$1,217,349 and \$1,663,837 in 2013 and 2012, respectively, as an imputed financing source to the extent these intergovernmental expenses will be paid by OPM.

The Museum sponsors a defined contribution salary deferral 403(b) plan for its nonappropriated 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 2013 and 2012 was \$2,062,664 and \$1,975,778, 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, 2013 and 2012. 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 2013 and 2012. The fiscal year 2013 and 2012 appropriated actuarial liability is \$231,574, and the fiscal year 2013 and 2012 nonappropriated actuarial liability is \$395,722.

The FECA actuarial liability, included in the accounts payable and accrued expenses in the statement of financial position, 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 nonappropriated funds will be used to reimburse DOL for appropriate payments. The fiscal year unfunded liability for the Museum's appropriated employees is \$416 and \$300 in 2013 and 2012, respectively. The fiscal year unfunded liability for the Museum's nonappropriated employees is \$476 for both 2013 and 2012.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

### 12. Temporarily Restricted Net Assets

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

|   | 2013                 | 2012                 |
|---|----------------------|----------------------|
| Contributions to be received in future periods -<br>for general use | \$ 5,567,680         | \$ 6,078,849         |
| Secure the Future   | 4,312,616            | 4,986,907            |
| National Institute for Holocaust Education                          | 12,700,718           | 12,800,362           |
| Rescue the Evidence   | 20,165,841           | 4,607,170            |
| Center for Advanced Holocaust Studies                               | 13,045,711           | 10,369,217           |
| Center for the Prevention of Genocide                               | 4,123,042            | 2,616,879            |
| <b>Total temporarily restricted net assets</b>                      | <b>\$ 59,915,608</b> | <b>\$ 41,459,384</b> |

### 13. Permanently Restricted Net Assets

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

|  | 2013                  | 2012                  |
|--|-----------------------|-----------------------|
| Secure the Future                              | \$ 120,245,567        | \$ 106,082,090        |
| National Institute for Holocaust Education     | 18,139,427            | 16,300,657            |
| Rescue the Evidence                            | 2,072,831             | 1,906,328             |
| Center for Advanced Holocaust Studies          | 22,496,363            | 19,046,280            |
| Center for the Prevention of Genocide          | 3,214,766             | 3,018,376             |
| <b>Total permanently restricted net assets</b> | <b>\$ 166,168,954</b> | <b>\$ 146,353,731</b> |

### 14. Contributed Services

In-kind contributions of goods and services totaling \$1,868,902 and \$22,882 were received by the Museum during the fiscal years ended September 30, 2013 and 2012, respectively, and consisted of website and project management services, hardware and software as part of a network storage solution, and legal services. This amount has been recognized as revenue and expense in the accompanying statement of activities based on the amount reported by the independent third-party providers. In addition to the contributed services recognized in the financial statements, the Museum has more than 300 volunteers, including 59 Holocaust survivors, donating more than 30,000 hours annually. The value of these contributions cannot be objectively measured and do not meet the criteria for recognition of in-kind contributions, and accordingly, are not recognized in the financial statements.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

### 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.

The Museum's endowment consists of 68 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. In accordance with U.S. GAAP, the Museum discloses the activities related to the donor-restricted and board-designated (funds functioning as endowment) endowment funds.

Endowment net assets consist of the following at September 30, 2013:

|                                  | Unrestricted  | Temporarily restricted | Permanently restricted | Total          |
|----------------------------------|---------------|------------------------|------------------------|----------------|
| Donor-restricted endowment funds | \$ 27,501,403 | \$ 10,562,855          | \$ 152,757,386         | \$ 190,821,644 |
| Funds functioning as endowment   | 59,910,830    | -                      | -                      | 59,910,830     |
| Total                            | \$ 87,412,233 | \$ 10,562,855          | \$ 152,757,386         | \$ 250,732,474 |

Endowment net assets consist of the following at September 30, 2012:

|                                  | Unrestricted  | Temporarily restricted | Permanently restricted | Total          |
|----------------------------------|---------------|------------------------|------------------------|----------------|
| Donor-restricted endowment funds | \$ 17,526,209 | \$ 9,363,198           | \$ 137,720,340         | \$ 164,609,747 |
| Funds functioning as endowment   | 58,640,580    | -                      | -                      | 58,640,580     |
| Total                            | \$ 76,166,789 | \$ 9,363,198           | \$ 137,720,340         | \$ 223,250,327 |

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

Changes in endowment net assets for the year ended September 30, 2013 are as follows:

|  | Unrestricted  | Temporarily restricted | Permanently restricted | Total          |
|--|---------------|------------------------|------------------------|----------------|
| Endowment net assets,<br>October 1, 2012       | \$ 76,166,789 | \$ 9,363,198           | \$137,720,340          | \$ 223,250,327 |
| Investment return:                             |               |                        |                        |                |
| Investment income                              | 4,950,247     | 887,975                | 781,639                | 6,619,861      |
| Net appreciation/<br>depreciation              | 16,165,847    | 2,872,838              | 2,483,548              | 21,522,233     |
| Total investment return                        | 21,116,094    | 3,760,813              | 3,265,187              | 28,142,094     |
| Contributions                                  | -             | -                      | 11,677,089             | 11,677,089     |
| Payout of endowment assets<br>for expenditures | (7,141,266)   | (2,561,156)            | -                      | (9,702,422)    |
| Reductions to Board<br>Designated              | (2,634,614)   | -                      | -                      | (2,634,614)    |
| Underwater adjustment                          | (94,770)      | -                      | 94,770                 | -              |
| Endowment net assets,<br>September 30, 2013    | \$ 87,412,233 | \$ 10,562,855          | \$152,757,386          | \$ 250,732,474 |

Changes in endowment net assets for the year ended September 30, 2012 are as follows:

|  | Unrestricted  | Temporarily restricted | Permanently restricted | Total          |
|--|---------------|------------------------|------------------------|----------------|
| Endowment net assets,<br>October 1, 2011       | \$ 57,850,300 | \$ 7,535,076           | \$131,813,030          | \$ 197,198,406 |
| Investment return:                             |               |                        |                        |                |
| Investment income                              | 4,933,320     | 896,926                | 725,708                | 6,555,954      |
| Net appreciation/<br>depreciation              | 18,081,318    | 3,293,107              | 2,504,171              | 23,878,596     |
| Total investment return                        | 23,014,638    | 4,190,033              | 3,229,879              | 30,434,550     |
| Contributions                                  | -             | -                      | 2,510,663              | 2,510,663      |
| Payout of endowment assets<br>for expenditures | (6,392,543)   | (2,361,911)            | -                      | (8,754,454)    |
| Additions to Board Designated                  | 1,861,162     | -                      | -                      | 1,861,162      |
| Underwater adjustment                          | (166,768)     | -                      | 166,768                | -              |
| Endowment net assets,<br>September 30, 2012    | \$ 76,166,789 | \$ 9,363,198           | \$137,720,340          | \$ 223,250,327 |

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 U.S. GAAP requires the Museum to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$94,770 and \$166,768 as of September 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Museum's 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.

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%, 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.

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 alternative investment funds in a 60, 30, and 10% ratio to achieve its long-term return objectives within prudent risk constraints.

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 that may be 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 and the statement of activities.

In the normal course of business, the Museum is from time to time a party to various claims and lawsuits. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management does not expect any adverse financial impact from open litigation matters occurring in the normal course of business as of September 30, 2013.

### 17. Related Party Transactions

There were no related party transactions that require disclosure during the years ended September 30, 2013 and 2012.

# United States Holocaust Memorial Museum

## Notes to Financial Statements

As of and for the Year Ended September 30, 2013

(with comparative information for the year ended September 30, 2012)

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### 18. Subsequent Events

Management has performed an evaluation of subsequent events through November 26, 2013, which is the date that the financial statements were available to be issued, noting no events which affect the financial statements as of September 30, 2013.

## Supplementary Schedules

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# United States Holocaust Memorial Museum

## Schedule of Budgetary Resources - Appropriated Funds Years ended September 30, 2013 and 2012

| <i>For the years ended September 30,</i>                  | 2013                 | 2012                 |
|---|----------------------|----------------------|
| <b>Budgetary resources:</b>                               |                      |                      |
| Unobligated balance, brought forward, October 1           | \$ 5,650,897         | \$ 5,450,863         |
| Recoveries of prior year unpaid obligations               | -                    | 56,139               |
| Budgetary authority appropriations received               | 50,716,724           | 50,798,000           |
| Spending authority from offsetting collections            | 149,893              | 260,707              |
| Rescission  | (2,652,788)          | (81,276)             |
| Canceled appropriation - permanently not available        | (276,566)            | (217,016)            |
| <b>Total budgetary resources</b>                          | <b>\$ 53,588,160</b> | <b>\$ 56,267,417</b> |
| <br>  |                      |                      |
| <i>For the years ended September 30,</i>                  | 2013                 | 2012                 |
| <b>Status of budgetary resources:</b>                     |                      |                      |
| Obligations incurred, net                                 | \$ 48,292,852        | \$ 50,616,520        |
| Unobligated balance - available apportioned               | 4,470,502            | 4,806,422            |
| Unobligated balance not available                         | 824,806              | 844,475              |
| <b>Status of budgetary resources</b>                      | <b>\$ 53,588,160</b> | <b>\$ 56,267,417</b> |
| <br>  |                      |                      |
| <i>For the years ended September 30,</i>                  | 2013                 | 2012                 |
| <b>Change in obligation balance:</b>                      |                      |                      |
| Obligated balances, net:                                  |                      |                      |
| Unpaid obligations, bought forward, October 1             | \$ 12,679,460        | \$ 9,485,703         |
| Obligations incurred, net                                 | 48,292,852           | 50,616,520           |
| Less: gross outlays                                       | (50,552,672)         | (47,366,624)         |
| Less: recoveries of prior year unpaid obligations, actual | -                    | (56,139)             |
| <b>Obligated balances, net, end of year</b>               | <b>\$ 10,419,640</b> | <b>\$ 12,679,460</b> |
| <br>  |                      |                      |
| <i>For the years ended September 30,</i>                  | 2013                 | 2012                 |
| <b>Outlays:</b>   |                      |                      |
| Gross outlays   | \$ 50,552,672        | \$ 47,366,624        |
| Less: offsetting collections                              | (149,893)            | (260,707)            |
| <b>Net outlays</b>  | <b>\$ 50,402,779</b> | <b>\$ 47,105,917</b> |

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Net Cost - Appropriated Funds Years ended September 30, 2013 and 2012

|  | For the year ended 2013 |                      |                      |
|--|-------------------------|----------------------|----------------------|
|  | Intra-<br>government    | Public               | Total                |
| Museum operations                          | \$ 4,960,453            | \$ 19,946,034        | \$ 24,906,487        |
| Center for Advanced Holocaust Studies      | 499,448                 | 1,929,635            | 2,429,083            |
| National Institute for Holocaust Education | 770,083                 | 3,124,070            | 3,894,153            |
| Collections                                | 1,102,210               | 4,246,768            | 5,348,978            |
| Marketing                                  | 159,272                 | 1,192,170            | 1,351,442            |
| Other outreach programs                    | 194,533                 | 616,725              | 811,258              |
| Management and general                     | 1,581,203               | 9,648,077            | 11,229,280           |
| <b>Net cost of operations</b>              | <b>\$ 9,267,202</b>     | <b>\$ 40,703,479</b> | <b>\$ 49,970,681</b> |

|  | For the year ended 2012 |                      |                      |
|--|-------------------------|----------------------|----------------------|
|  | Intra-<br>government    | Public               | Total                |
| Museum operations                          | \$ 4,944,196            | \$ 19,411,490        | \$ 24,355,686        |
| Center for Advanced Holocaust Studies      | 523,548                 | 1,851,041            | 2,374,589            |
| National Institute for Holocaust Education | 848,006                 | 3,440,096            | 4,288,102            |
| Collections                                | 1,257,306               | 4,628,864            | 5,886,170            |
| Marketing                                  | 212,726                 | 944,883              | 1,157,609            |
| Other outreach programs                    | 194,596                 | 662,710              | 857,306              |
| Management and general                     | 1,751,898               | 9,169,605            | 10,921,503           |
| <b>Net cost of operations</b>              | <b>\$ 9,732,276</b>     | <b>\$ 40,108,689</b> | <b>\$ 49,840,965</b> |

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Changes in Net Position - Appropriated Funds Years Ended September 30, 2013 and 2012

| <i>For the year ended September 30,</i>               | 2013                                   |                              | 2012                                   |                              |
|---|--|------------------------------|--|------------------------------|
|   | Cumulative<br>results of<br>operations | Unexpended<br>appropriations | Cumulative<br>results of<br>operations | Unexpended<br>appropriations |
| Beginning balances                                    | \$ 10,067,407                          | \$ 13,799,102                | \$ 10,170,976                          | \$ 11,373,254                |
| Budgetary financing sources:                          |  |                              |  |                              |
| Appropriations received<br>(current period)           | -                                      | 50,716,724                   | -                                      | 50,798,000                   |
| Rescissions   | -                                      | (2,652,788)                  | -                                      | (81,276)                     |
| Canceled expired<br>appropriations                    | -                                      | (276,566)                    | -                                      | (217,016)                    |
| Other   | -                                      | (694)                        | -                                      | -                            |
| Appropriations used                                   | 49,959,460                             | (49,959,460)                 | 48,073,860                             | (48,073,860)                 |
| Other financing resources:                            |  |                              |  |                              |
| Imputed financing from<br>costs absorbed by<br>others | 1,217,349                              | -                            | 1,663,536                              | -                            |
| Total financing sources                               | 51,176,809                             | (2,172,784)                  | 49,737,396                             | 2,425,848                    |
| Total   | 61,244,216                             | 11,626,318                   | 59,908,372                             | 13,799,102                   |
| Net cost of operations                                | (49,970,681)                           | -                            | (49,840,965)                           | -                            |
| Ending balances                                       | \$ 11,273,535                          | \$ 11,626,318                | \$ 10,067,407                          | \$ 13,799,102                |

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule Reconciling Net Cost of Operations to Budget - Appropriated Funds Years ended September 30, 2013 and 2012

| <i>For the year ended September 30,</i>   | 2013                 | 2012                 |
|---|----------------------|----------------------|
| <b>Total resources used to finance activities:</b>  |                      |                      |
| Obligations, offsetting receipts, imputed financing sources                                       | \$ 51,619,309        | \$ 52,261,975        |
| Change in budgetary resources obligated for goods and services                                    | (447,472)            | (2,761,598)          |
| Resources that finance the acquisition of capital assets  | (3,648,822)          | (2,181,999)          |
|   | <b>47,526,015</b>    | <b>47,318,378</b>    |
| <b>Components requiring or generating resources in future periods:</b>                            |                      |                      |
| Annual leave liability increase   | 1,994                | 1,313                |
| Unfunded FECA, NonBudgetary Receivables, Actuarial FECA   | (26,409)             | (5,708)              |
| <b>Components not requiring or generating resources in current period:</b>                        |                      |                      |
| Depreciation and amortization   | 2,469,081            | 2,526,982            |
| <b>Total components of the net cost of operations that will not require or generate resources</b> | <b>2,444,666</b>     | <b>2,522,587</b>     |
| <b>Net cost of operations</b>   | <b>\$ 49,970,681</b> | <b>\$ 49,840,965</b> |

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Claims Conference Payments Year ended September 30, 2013

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| Grant Award           | 2013      |
|-----------------------|-----------|
| 172-30448-10          | \$ 21,948 |
| 192-30448-11          | 39,679    |
| 222-30448-16          | 269       |
| 252-30448-18          | 5,550     |
| S028-7730             | 6,069     |
| SWVLP-8135            | 47,259    |
| SWVLP-8442            | 146,195   |
| Fund SO33/App. 10298  | 165,992   |
| Fund SWVLP/App. 11151 | 70,561    |
| Fund SWVLP/App. 11233 | 82,833    |
| Fund SO34/App. 11044  | 141,150   |
| Fund SO29/App. 11770  | 103,716   |
| Fund SO35/App. 11379  | 150,000   |
| Fund SO35/App. 11380  | 428,301   |
| Fund SO35/App. 11568  | 174,751   |
| Fund SO38/App. 12870  | 379,422   |
| Fund SO38/App. 12610  | -         |
| Fund SO40/App. 14021  | 191,777   |
| Fund SO40/App. 14022  | 11,140    |

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|   |              |
|---|--------------|
| Fiscal year 2013 payments to<br>United States Holocaust Memorial Museum | \$ 2,166,612 |
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*See accompanying independent auditor's report.*

Independent Auditor's Reports Required by  
*Government Auditing Standards*

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## Independent Auditor's Report on Internal Control Over Financial Reporting

To the Council Members  
**United States Holocaust Memorial Museum**  
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, the financial statements of the **United States Holocaust Memorial Museum** (the Museum) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control. Further, we did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### Purpose of this Report

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

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.

BDO USA, LLP

November 26, 2013



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## Independent Auditor's Report on Compliance and Other Matters

To the Council Members  
United States Holocaust Memorial Museum  
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, the financial statements of the **United States Holocaust Memorial Museum** (the Museum) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2013.

### Compliance and Other Matters

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

### Purpose of this Report

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

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.

BDO USA, LLP

November 26, 2013

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