

PERFORMANCE AND ACCOUNTABILITY REPORT

FISCAL YEAR **2014**

October 1, 2013 – September 30, 2014

Submitted November 15, 2014

UNITED STATES
HOLOCAUST
MEMORIAL
MUSEUM

www.ushmm.org

**United States Holocaust
Memorial Museum**

Performance and Accountability Report
Year ended September 30, 2014

United States Holocaust Memorial Museum

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United States Holocaust Memorial Museum

Message from the Director

November 14, 2014

When the Museum opened in 1993, its founders knew that its message was timeless, but they could not have imagined that in the 21st 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 ideological extremism, rising antisemitism, and continuing genocide, our work has never been more urgent. We believe that our programs for teachers and youth as well as law enforcement officers, and members of the judiciary and military help people understand their personal and professional roles in advancing American values of liberty, dignity and pluralism.

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 high demand for our programs, the Museum will continue in Fiscal Year 2015 to bring these lessons to millions more.



Sara J. Bloomfield
Director

United States Holocaust Memorial Museum

Statement of Assurance

November 14, 2014

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)

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, 2014 and 2013 (FY 2014 and FY 2013), 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 65 established objectives for FY 2014 related to education, remembrance, research, and infrastructure support. The Museum met or exceeded 55 objectives, partially met 7 objectives, and deferred the targeted completion dates on three objectives.

Financial Statements Summary

The Museum's financial position remained strong at September 30, 2014 and 2013, with total assets of approximately \$445.4 and \$403.7 million and total liabilities of approximately \$38.1 and \$33.1 million, respectively. Net assets, which represent the residual interest in the Museum's assets after liabilities are deducted, are \$407.3 million, a 9.9% increase from the prior fiscal year. The increase in net assets is primarily attributable to investment income and contribution pledges received.

Statement of Financial Position

Contributions Receivable

The Museum has gross contributions receivable of \$52.8 million. Of these receivables, \$3.0 million are current and \$49.8 million are due after one year. The receivable amount, net of allowance for doubtful accounts when discounted to present value, is \$45.2 million.

United States Holocaust Memorial Museum

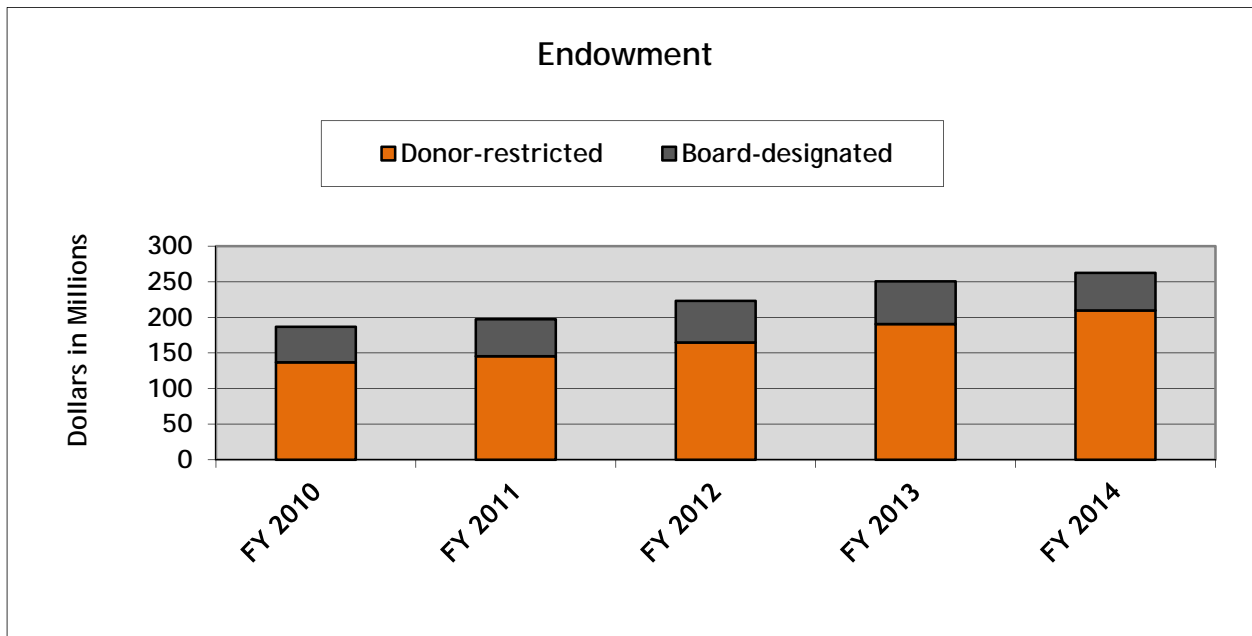
Management's Discussion and Analysis (Unaudited)

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, \$262.4 million, has increased by 4.7% from last fiscal year. As outlined in the footnotes, the endowment consists of both board-designated and donor-restricted endowments which are pooled for investment purposes. As of September 30, 2014 and 2013 the board-designated endowment balance was approximately \$52.8 million and \$59.9 million, and the real endowment balances totaled approximately \$209.6 million and \$190.8 million, respectively.



United States Holocaust Memorial Museum

Management's Discussion and Analysis (Unaudited)

Performance

The annual return for the pooled endowment fund this year was 9%. 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 \$75.8 million and consists of \$133.1 million in buildings and capital improvement, \$43.9 million in the permanent exhibition and other exhibitions, \$19.9 million in furniture and equipment and \$1.6 million in leasehold improvements, less accumulated depreciation and amortization of \$122.7 million.

Liabilities

Liabilities consist primarily of accounts payable, accrued expenses, charitable gift annuity liability and unexpended appropriations. Total liabilities are \$38.1 million.

Net Assets/Federal Equity

The Museum has total equity of \$407.3 million of which approximately \$184.2 million is permanently restricted, and approximately \$69.3 million is temporarily restricted by donors. The Museum's equity includes investments in the Museum buildings and exhibitions.

Statement of Activities

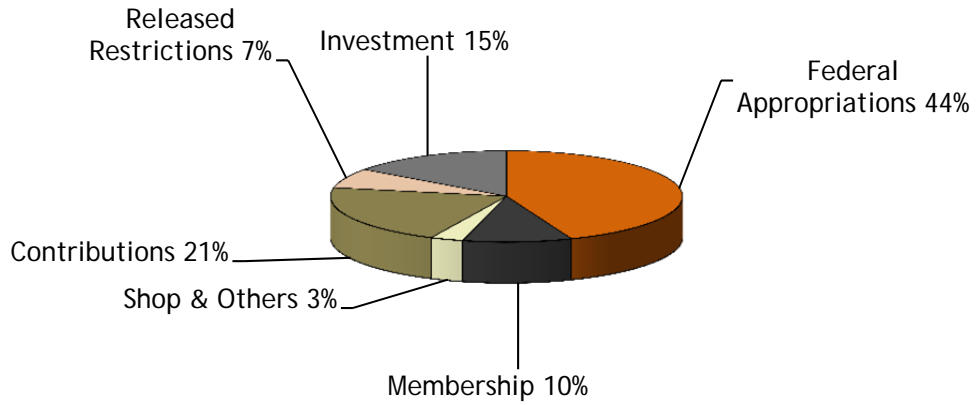
The Statement of Activities presents the Museum's results of financial activity for the fiscal year and matches revenues to related expenses. The statement summarizes the annual gain/loss in equity.

Nonappropriated sources in FY 2014 and FY 2013 provided 54.5% and 54.0% of unrestricted revenues. Museum expenditures decreased \$5.0 million (4.7%) from FY 2013 primarily due to the expense for the 20th anniversary in FY 2013. Program services comprise 68.6% of these expenditures. The charts that follow provide details.

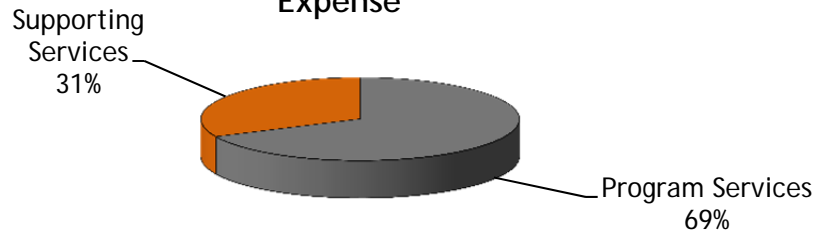
United States Holocaust Memorial Museum

Management's Discussion and Analysis (Unaudited)

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)

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 2014

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
 - Build the Collection of Record
 - 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 2014 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 2015 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 2014

SUMMARY ANNUAL PERFORMANCE REPORT

Consolidated status of all objectives

Budget authority applied:

	FY 2014	FY 2013
Appropriated	\$ 51,070,000	\$ 49,970,000
Nonappropriated**	50,960,000	56,850,000
Total	\$102,030,000	\$106,820,000

**Nonappropriated amounts excluded unpaid orders.

Status of objectives:

	FY 2014 Results		FY 2013
No specific targets	0	0%	0%
Met or exceeded targets	55	85%	80%
Partially met targets	7	11%	16%
Deferred	3	4%	4%
Not met	0	0%	0%

Major Accomplishment Highlights:

- Continued to finalize the purchase of land for the site of a state-of-the-art facility, which will protect and conserve the Museum's collections. The new facility will be known as The David and Fela Shapell Collections and Conservation Center and will be built with private funds. Continued the design phase on schedule in order to break ground during FY 2015.
- 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 2014 *Days of Remembrance* annual commemoration and national outreach effort, with the theme *Confronting the Holocaust: American Responses*, commemorated the anniversaries of two seminal events in Holocaust history: the refugee crisis in the spring of 1939 and the deportation of Hungarian Jews five years later. American responses on the persecution and murder of European Jews invited reflection on the role of individuals, organizations, and governments in confronting hatred and mass atrocities.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

SUMMARY ANNUAL PERFORMANCE REPORT

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

Budget authority applied to this goal:

	FY 2014	FY 2013
Federal	\$ 42,220,000	\$ 42,900,000
Nonappropriated**	26,240,000	22,450,000
Total	\$ 68,460,000	\$ 65,350,000

**Nonappropriated amounts excluded unpaid orders.

Status of objectives:

	FY 2014 Results		FY 2013
No specific targets	0	0%	0%
Met or exceeded targets	30	79%	84%
Partially met targets	6	16%	14%
Deferred	2	5%	2%
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 13 cities in 16 U.S. states and 2 Canadian provinces during FY 2014, which were viewed by more than 85,000 people during the course of the year.
- Added more than 500 collections to the Museum's holdings, including 248 new archival collections in multiple formats totaling almost 5.5 million pages.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

SUMMARY ANNUAL PERFORMANCE REPORT

GOAL: Secure the future of the Memorial Museum

Budget authority applied to this goal:

	FY 2014	FY 2013
Appropriated	\$ 8,850,000	\$ 7,070,000
Nonappropriated**	24,720,000	34,400,000
Total	\$ 33,570,000	\$ 41,470,000

**Nonappropriated amounts excluded unpaid orders.

Status of objectives:

	FY 2014 Results		FY 2013
No specific targets	0	0%	0%
Met or exceeded targets	25	92%	74%
Partially met targets	1	4%	19%
Deferred	1	4%	7%
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 \$60.4 million, including \$14.7 million in contributions and pledges for the endowment.
- Continued a major effort to update and operationalize the Museum's strategic plan.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
General Museum operating statistics & objectives		
General Museum statistics (for general information; no specific targets are set)	FY 2013: <ul style="list-style-type: none"> • 1,554,222 visitors <ul style="list-style-type: none"> ▪ 177,819 in groups ▪ 554,263 to <i>Remember the Children</i> RTC Closed Feb 19 - March 1 for renovations ▪ 168,903 to Kimmel-Rowan (KR) Gallery KR Gallery Closed Oct 9, 2012 to April 30, 2013 for renovations ▪ 482,966 to Wexner Center • 25,141 volunteer hours worked Web site visits: 11.7 million as of September 30, 2013 (estimated) 	FY 2014: <ul style="list-style-type: none"> • 1,477,207 visitors (Museum closed Oct. 1, 2013 through Oct. 16, 2013 because of government shutdown) <ul style="list-style-type: none"> ▪ 163,399 in groups ▪ 519,612 to <i>Remember the Children</i> ▪ 266,680 to Kimmel-Rowan gallery ▪ 472,894 to Wexner Center • 30,474 volunteer hours worked • Web site (Google Analytics): 18.1 million sessions (visits) and 13.1 million users (visitors) as of September 30, 2014
Provide placement and enrichment opportunities for volunteers and interns. (to be compared to previous years; no specific targets are set)	FY 2013: <ul style="list-style-type: none"> • 61 newly placed volunteers • 106 newly placed interns • 40 enrichment programs offered • Newsletter editions produced: <ul style="list-style-type: none"> ▪ 12 Volunteers ▪ 9 Interns 	FY 2014: <ul style="list-style-type: none"> • 58 newly placed volunteers • 101 newly placed interns • 38 enrichment programs offered • Newsletter editions produced: <ul style="list-style-type: none"> ▪ 12 Volunteers ▪ 9 Interns
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.	Partially met: <ul style="list-style-type: none"> • Ongoing replacements continue as required to maintain operations. Major upgrades are planned as defined below for the technology refresh for the permanent exhibition.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	Initiated a program to replace damaged and aging photomurals (including the digitization of source imagery).	Partially met: <ul style="list-style-type: none"> Contract awarded in FY 2013. This multi-year project is proceeding on schedule.
	Consult with experts in technology, design, and museology to advance the permanent exhibition refresh.	Deferred: <ul style="list-style-type: none"> Deferral was caused by the unanticipated return to Poland of the concentration camp barrack, a significant component of the permanent exhibition, and the acquisition and installation of a different barrack.
Rescue the Evidence (Build the Collection of Record)		
Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps. (this objective encompasses all areas and types of collections as well as collections management and access)	Develop and implement collecting projects in several U.S. cities, Eastern Europe, and North Africa.	Met and ongoing: <ul style="list-style-type: none"> 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 248 archival collections, comprising 5.5 million archival pages, were received in multiple formats in 2014.
	Pursue, in collaboration with both Yad Vashem (YV) and the International Tracing 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 YV as well as the huge collections being shared by the ITS. The goal is to disseminate this name-based information to interested parties.	Met and ongoing: <ul style="list-style-type: none"> Exploring USHMM/YV collaborative crowdsourcing indexing project with MyHeritage.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	Transfer and integrate published materials held by Curatorial Affairs to the Library according to the schedule prepared in 2009.	Met and ongoing: <ul style="list-style-type: none"> • Continued to transfer additional published items to the Library and catalog them, as they are newly identified in Curatorial Affairs. • Continued effort to modify the guidelines to further streamline the transfer process.
	Continue to implement the digital asset management system, collections management system and enterprise digital storage system.	Met and ongoing: <ul style="list-style-type: none"> • Developing digital repository strategy. • Seeking grant funding to support equipment acquisition which would also support collections management. • Continued to migrated millions of files to archival and access storage systems.
	Improve accessibility of collections (increased functionality of collections management system, creation of trusted digital repository, cataloging/creating metadata, IDAM, digitization).	Met and ongoing: <ul style="list-style-type: none"> • Continued cataloging project that has cataloged and made accessible objects from the Museum's artifact collection. • Migrated use copies of all digitized assets to new storage. • Updated web-accessible version of Collections Search.
	Develop easier access to information about survivors and victims of the Holocaust.	Met and ongoing: <ul style="list-style-type: none"> • Completed more than 1,600 ITS research requests.
	Begin accreditation review process for American Association of Museums (AAM) 10-year reaccreditation requirement.	Deferred: <ul style="list-style-type: none"> • Postponed reaccreditation to FY 2016 due to AAM changes to the process and schedule.
	Complete feasibility studies for new offsite collections storage facility.	Met: <ul style="list-style-type: none"> • Responded to requests for additional information.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
Lead the nation in annual <i>Days of Remembrance (DOR)</i> commemoration.	<p>Improve outreach to key audiences: military, law enforcement, educators, and college students.</p> <p>Provide printed and on-line content and resources to citizens and organizations across the nation engaged in DOR commemoration.</p>	<p>Met:</p> <ul style="list-style-type: none"> Led the 2014 <i>Days of Remembrance</i> annual commemoration and national outreach effort, with the theme <i>Confronting the Holocaust: American Responses</i>, commemorated the anniversaries of two seminal events in Holocaust history: the refugee crisis in the spring of 1939 and the deportation of Hungarian Jews five years later. American responses on the persecution and murder of European Jews invited reflection on the role of individuals, organizations, and governments in confronting hatred and mass atrocities.
Mandel Center for Advanced Holocaust Studies (MCAHS)		
Shape the emerging field of Holocaust studies to promote its excellence and vitality.	Further develop partnership with Yahad-in-Unum.	<p>Met:</p> <ul style="list-style-type: none"> Continued the process of transferring and encouraging scholarly use of Yahad's oral history testimonies. Organized visit of senior Vatican cardinals to the USHMM in cooperation with Yahad.
	Engage 30-50 new university-based scholars in MCAHS network of research/teaching activities.	<p>Exceeded:</p> <ul style="list-style-type: none"> 32 research fellows 7 graduate research assistants 3 invited scholars 83 new speakers at conferences, symposia, and consultations 2 new lecturers in endowed lecture series 64 participants faculty seminars 51 new in summer research workshops and outreach consultations <p>Total = 242 scholars</p>

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	<p>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).</p>	<p>Met:</p> <ul style="list-style-type: none"> • 3 Faculty Seminars: Hess, January 3-8, 2014; Silberman, June 2-13, 2014; Seminary and Religious Studies Faculty, June 23-27, 2014 • 25 Fellows, plus 3 invited scholars • 50 Campus Outreach Lecture Programs at 47 institutions in 23 U.S. states and 2 Canadian provinces
	<p>Build networks of scholars/communities of discourse through 4-6 summer research workshops, symposia, and other partnered activities on and offsite.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> • Cosponsored a conference at the Higher School of Economics in Moscow, Russia in June 2014. • 4 offsite conferences and symposia. • 2 consultation at USHMM with seminarians and religious leaders on teaching the Holocaust in a multi-religious setting. • 4 summer research workshops <p>Total = 11 activities</p>
	<p>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.</p>	<ul style="list-style-type: none"> • Completed writing of volume 3. Advanced research and writing for volumes 4, 5, and 6. Began work on volumes 7 and 8.
	<p>Conduct programs on Holocaust in Union of Soviet Socialist Republics (USSR) and ITS.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> • Invited two students from Higher School of Economics to the Museum in summer 2014 (both as graduate research assistants). • Provided research materials to faculty at Higher School of Economics. • Hired two program staffs for the Initiative on the

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
		Holocaust in USSR. <ul style="list-style-type: none"> • Cosponsored an archival and historical seminar for beginning scholars who will use ITS at the Weiner Library, London, UK during October 2013. • Held major conference on ITS scholarship during May 2014.
	Complete volume for archival studies project on Jewish responses to persecution.	Partially met: <ul style="list-style-type: none"> • Will publish volume IV of <i>Jewish Responses to Persecution</i> in the fall of 2014. • Completed first draft of volume V of <i>Jewish Responses to Persecution</i>. • Published source volume titled <i>The Einsatzgruppen in Poland</i>.
Effectively use the Center for the Prevention of Genocide (CPG) to respond to contemporary genocide		
Create exhibitions, programs, and digital outreach for a broad public audience about the threat of genocide today.	Maintain and update <i>From Memory to Action</i> exhibition and accompanying Web site.	Met: <ul style="list-style-type: none"> • Received 449,134 visitors to the Wexner Center, location of the <i>From Memory to Action</i> exhibition. • Engaged, since 2009 inception, more than 273,000 people using the interactive pledge wall to respond to the question, "What will you do to help meet the challenge of genocide today?"
	Develop plans to update the exhibition entitled <i>Sudan Divided: Peoples at Risk</i> .	Met: <ul style="list-style-type: none"> • Developed plans to update this room in the coming months to better inform visitors about other places of concern as crises unfold around the world.
	Develop and launch Cambodia Justice and Accountability Initiative.	Met and ongoing: <ul style="list-style-type: none"> • Carried out planning work on the education initiative about international justice and accountability in the

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Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
		context of the trials of the Khmer Rouge leadership in Cambodia. <ul style="list-style-type: none"> Developing an online website and two in-Museum exhibitions. We expect the exhibit spaces and online content to be available in April 2015.
	Hold symposia on issues related to genocide and mass atrocities.	Met: <ul style="list-style-type: none"> Convened a diverse, international group of three dozen experts from the fields of government, technology, business, civil society and academia, to discuss innovative methods for monitoring and countering dangerous speech. The 2-day seminar produced new partnerships and ideas for practical strategies to monitor and counter dangerous speech without infringing on the right to free expression.
	Hold 2-3 public programs to educate and engage physical and online audiences in CPG's work.	Met: <ul style="list-style-type: none"> Held two public events marking the 20th anniversary of Rwandan genocide at the 92nd Street Y in New York and at the Museum, attracting over 300 guests. Hosted public events in Chicago and Phoenix to educate the public about the dangers of inflammatory hate speech and the possibilities for countering it.
Strengthen the movement of organization and experts working on genocide prevention issues.	Expand research capacity through development of fellowship program.	Met and ongoing: <ul style="list-style-type: none"> Appointed three 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.
	Launch new innovative projects to strengthen	Met and ongoing: <ul style="list-style-type: none"> Launched a Counterspeech Initiative that aims to develop

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	the field of genocide prevention.	and disseminate specific, practical, and actionable strategies and tools for detecting and countering inflammatory hate speech.
Create training resources and educational materials for governments especially the U.S. government, on genocide prevention; with target audiences: diplomats. Military officers, development officials and policymakers.	Follow up with the implementation of recommendations from the Museum-sponsored Genocide Prevention Task Force report.	Met and ongoing: <ul style="list-style-type: none"> Engaged in over 230 outreach activities on genocide prevention issues with senior 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.
	Develop and launch the early warning project to make risk assessments publicly available.	Partially met: <ul style="list-style-type: none"> Developed and will soon launch the Early Warning project, the first-of-its-kind early warning system for mass atrocities. The system combines sound analytical methodology with cutting edge software and technological innovations to produce global risk assessments for genocide and other forms of mass atrocities. Soft launch scheduled for October 2014, to be followed by public launch in the spring of 2015.
	Develop training programs to educate foreign service officers, military, and other professionals on genocide prevention.	Partially Met: <ul style="list-style-type: none"> Developing a training manual to serve as an accessible and engaging tool for practitioners to learn the fundamentals of atrocity prevention. Anticipate releasing the manual in early 2015 and continuing to develop educational resources to compliment the volume.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
Carry out the National Institute for Holocaust Education (NIHE) objectives		
Create exhibitions on themes designed to simulate discussion about how and why the Holocaust happened and its implications (e.g., propaganda, collaboration and complicity, the American response, etc.) traveling to diverse and highly visible venues.	Present special exhibitions and associated programs at the Museum and through traveling exhibitions nationwide.	Met: <ul style="list-style-type: none"> The special exhibition <i>Some Were Neighbors: Collaboration & Complicity in the Holocaust</i> opened on April 30, 2013. 188,500 visitors saw the exhibition in FY 2104, bringing total visitors to 351,500 as of September 30, 2014, an average of 18% of all Museum visitors during that period. Traveled four exhibitions to 13 U.S. cities and states and two Canadian provinces. Approximately 85,000 people viewed the exhibitions during the course of the year.
	Implement and grow the Collaboration and Complicity initiative.	Met and ongoing: <ul style="list-style-type: none"> Presented and trained more than 300 educators about using the Collaboration and Complicity materials and pedagogical approach at 13 workshops both onsite and offsite. Two additional 15-hour docent trainings were conducted to train 38 guides to give tours of <i>Some Were Neighbors</i> to the general public as well as VIPs. More than 900 docent-led tours were given.
	Create a case study and film on the role of the German military during the Holocaust.	Met: <ul style="list-style-type: none"> Resources are available in limited print quantities and on the website for use in military training institutions, including the military service academies, ROTC classes and professional development classes for the U.S. Army, Marine Corp, and Air Force.
	Prototype learning platform to advance global	Met and ongoing:

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Government Performance and Results Act Annual Performance Plan - FY 2014

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	Holocaust education.	<ul style="list-style-type: none"> Content for learning platforms complete; public access expected in fall of 2014.
	Develop new presentation(s) for Wexner Center and other public spaces.	<p>Partially met:</p> <ul style="list-style-type: none"> Completing New Center for the Prevention of Genocide initiative to support displays on International Justice (with focus on 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 2015, Q1.
	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>Met and ongoing:</p> <ul style="list-style-type: none"> Launched <i>Holocaust Encyclopedia</i> in Korean, increasing content availability to 15 languages. Translated full set of 600 ID cards into Turkish and Arabic, allowing online access to one of the core elements of the Permanent Exhibition.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

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

Status report for special exhibitions:

Exhibition Title/Topic	Target Presentation Dates	Results / Status
<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 Q2	No change.
A display on the topic of the Khmer Rouge genocide in Cambodia, 1975-79 (Meyerhoff Theater entry)	FY 2015 Q2 - indefinitely	Project is currently in design phase.
<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>"I Want Justice"</i> (working title; Wexner Center, Room 2)	FY 2015 Q2 - indefinitely	Exhibition will focus on the on-going Khmer Rouge genocide trials in Cambodia, while including a "timeline" of the development of international justice from the post-World War II Nuremberg trials to the present.
<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>Some Were Neighbors: Collaboration and Complicity in the Holocaust</i> (Kimmel-Rowan Gallery)	Spring 2013 - Fall 2017	Open.
<i>State of Deception: The Power of Nazi Propaganda</i> (traveling exhibition)	Tour scheduled to begin in November 2013 for approx. 5 years	The national tour premiere of <i>State of Deception: The Power of Nazi Propaganda</i> held at the Field Museum in Chicago, November 6, 2013 - February 2, 2014.
Traveling Exhibitions: <ul style="list-style-type: none"> • <i>Deadly Medicine: Creating the Master Race</i> (panel version) • <i>Fighting the Fires of Hate: America and the Nazi Book Burnings</i> • <i>The Nazi Olympics: Berlin 1936</i> • <i>Nazi Persecution of Homosexuals: 1933-1945</i> 	Various locations and schedules	

United States Holocaust Memorial Museum

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives - continued		
Sponsor fellowships and “train the trainer” programs for secondary educators and leaders in Holocaust education in all 50 states.	Increase the number of Museum Teacher Fellows trained to implement Museum education programming.	<p>Met:</p> <ul style="list-style-type: none"> • Trained 20 new Museum Teacher Fellows in the year-long program this fiscal year. • Trained 10 professors of education and 10 Regional Educational Corps at the Holocaust Institute for Teacher Educators. • A total of 24 states were included.
Implement “train the trainer” programs for professors and staff of the key in-service training arms of the military and law enforcement; provide direct training for members of the judiciary and other select professions.	<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>Strengthen the critical thinking skills of</p>	<p>Met:</p> <ul style="list-style-type: none"> • Served more than 1,100 members of the judiciary in 9 programs including 7 states. 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 1,900 law enforcement officials from local, state, and federal agencies attended 49 trainings at the Museum. This included over 800 Chiefs and top leaders from around the country, through the FBI’s National Academy. • Served more than 1,900 U.S. military officers in training, active duty and command level officers. Also served 700 international military officers in programs dealing with human rights and genocide prevention. Ongoing on-site trainings at the Museum for over 75 additional army majors at the Ft. Belvoir Command and General Staff College. • Distributed a 30-minute film about the Holocaust to

United States Holocaust Memorial Museum

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

Strategy to achieve objective	FY 2014 activity planned, target or comparison baseline	Results / Status
	current high school ambassadors.	<p>enhance off-site trainings about ethics and genocide prevention for range of professional audiences.</p> <p>Met and ongoing:</p> <ul style="list-style-type: none"> • 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. • This summer, 15 young people from inner-city communities across the nation joined the National Summer Youth Leadership Seminar and participated in a 6 week-long program. 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 30,000 members of their communities.
	Increase resources intended to combat denial and antisemitism through enhanced content on Museum Web site, new resources, and use of social media.	<p>Met:</p> <ul style="list-style-type: none"> • Distributed <i>European Antisemitism from Its Origins to the Holocaust</i> DVDs for educational use. Distributed via the Museum's website a film on Nazi book burning in Farsi and Arabic, and distributed an overview introductory film on the Holocaust also in Arabic.

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
Fundraising Activities		
Undertake fundraising efforts to fulfill the Strategic plan over the next decade.	FY 2014 target \$36.3 million annual fund, \$5.2 million endowment, and \$10.5 million capital campaign for a combined total of \$52.0 million.	Exceeded: <ul style="list-style-type: none"> During FY14, raised \$60.4 million (in major gifts, membership, planned gifts, and endowment contributions), including \$14.7 million in contributions and pledges for the endowment, surpassing the \$52.0 million goal. Note: Restricted gifts may only be spent as the donor stipulates, and endowment income may be spent, but not the principal.
	Enhance annual fund marketing campaign.	Met: <ul style="list-style-type: none"> Updated, with Marketing, an annual communication schedule of mailings for both soliciting prospects and donor stewardship.
	Build a program for foundation and corporate giving.	Met and ongoing: <ul style="list-style-type: none"> 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.
	Develop a comprehensive campaign culminating with the Museum's 25 th anniversary.	Met and ongoing: <ul style="list-style-type: none"> Updated the leadership structure for the campaign, convened regional groups across the country, and maintained a national leadership team. Continued to build the infrastructure to support the campaign (prospects, case, timeline, financial targets).
	Continue targeted \$200.0 million bequest focused endowment effort.	Met and ongoing: <ul style="list-style-type: none"> Endowment campaign gifts exceed the \$167.8 million mark, 84% of goal with 56% of the campaign timeline

United States Holocaust Memorial Museum

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GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
		elapsed. For the FY 2014, the campaign added over \$27.2 million in new <u>total</u> endowment commitments (of which over \$12.1 million was from new <u>deferred</u> endowment commitments).
Increase the integration of fundraising plans with programmatic priorities.	<p>Complete scheduled Milestones in the conversion from Target's Team Approach to New Enterprise Constituent Relationship Management (CRM) system with specific focus on membership.</p> <p>Aimed to raise funds against restricted funding priorities determined by Program Offices and approved by Museum Director for FY 2014.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> • Continued implementation of CRM (Amargent) replace Team Approach (Blackbaud) with Portfolio. <p>Exceeded:</p> <ul style="list-style-type: none"> • 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 a total of \$6.0 million, reaching 122% of the \$4.9 million goal.
	Continue implementation of national stewardship plan.	<p>Met and ongoing:</p> <ul style="list-style-type: none"> • Continued implementation of a comprehensive stewardship plan. Components included: <ul style="list-style-type: none"> ▪ Pilot programs in the regions to serve as models for establishing regional boards ▪ Nation-wide mailings delivering greater program content to major donors and past donors ▪ Updated and enhanced the more than 50 stewardship plans for key prospects of the Museum Director and Chief Development Officer ▪ Continued Quarterly "Founders Update" electronic newsletters to donors contributing more than \$1.0 million, family members, and foundation representatives ▪ Additional communication sent to Founders with Museum news-worthy stories (primarily from national news outlets)

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GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
		<ul style="list-style-type: none"> ▪ Increased personal stewardship visits and communications by the Museum Director, the Chief Development Officer and the MGOs ▪ Updated the formal policy for gift acknowledgement letters at all gift levels ▪ Updated a new e-communications plan that includes annual or bi-annual insider news from the Museum Director ▪ Ongoing work with Marketing to implement blueprint for revitalizing donor communications vehicles (e.g., magazine; institutional newsletter; Director’s letter)
Marketing & Communications Activities		
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.	Met and ongoing: <ul style="list-style-type: none"> • Increased and updated content on the Museum’s newly redesigned Web site. • Updated content in the biannual Museum Magazine, MEMORY & ACTION.
Engage more people with the Museum’s work and raise support for its cause.	Increase audience outreach efforts nationally. Increase audience engagement with the Museum - in person and online.	Met: <ul style="list-style-type: none"> ▪ More than 30,000 newly engaged individuals ▪ More than 20,000 new e-community members
Generate positive press coverage around key Museum initiatives and fundraising priorities, such as scholarship, research, education, and genocide prevention.	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.	Met and ongoing: <ul style="list-style-type: none"> • Continued online fundraising initiatives to grow email acquisitions, raise small donations, and increase membership, including online opportunities for renewals. Membership net revenue increased by 7% in FY 2014.

United States Holocaust Memorial Museum

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GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
<p>Improve stewardship of key constituencies (survivors, donors, Council, former Council, Congress, staff).</p>	<p>Coordinate with Development and Marketing to create integrated communications strategy.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> Coordinated closely with Development and Marketing on key Museum initiatives. Continued regular (every 4-6 weeks) personal, brief email update for Council, former Council and Committee members highlighting key Museum programs.
	<p>Increase visibility and involvement of survivors in advancing Museum's programmatic priorities.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> Continued to increase survivor participation in programs onsite, off site and via remote technology, providing more than 5,300 hours of service.
	<p>Strengthen internal communications and strategic planning.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> 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. 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 processes.
	<p>Enhance the role of Council and committee members in supporting programmatic priorities.</p>	<p>Partially met:</p> <ul style="list-style-type: none"> Updated 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. Deferred a larger Council stewardship effort due pressing priorities such as the strategic plan.
<p>Pursue continuous improvement and excellence in financial management; human resource</p>	<p>Based on user feedback and evaluation,</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> Rolled-out new content as part of the new staff resources

United States Holocaust Memorial Museum

Government Performance and Results Act Annual Performance Plan - FY 2014

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
management; information technology support; and administration of the Museum, and address relevant elements of the President's Management Agenda.	expand the functionality of the HR Web site (including integration of employee development tools and information).	portals. Specific sections include employee development, wellness, managers corner (a resource for supervisors) policies / procedures, and general information.
	Provide leadership / management coaching for all supervisors.	Met: <ul style="list-style-type: none"> Completed management coaching for Branch Directors, including 360 assessments for each director.
	Complete and update the Museum-wide online training platform.	Met and ongoing: <ul style="list-style-type: none"> Deployed the online training platform, Global Learning System, to provide a comprehensive training program to staff members. Started with information security awareness training.
	Automate the vendor invoice receipt and approval process.	Deferred: <ul style="list-style-type: none"> Due to lack of staff resources and funding.
Enhance the Museum's ability to engage with its constituents, be they fund raisers, educators, scholars, council members and the general public.	Implement an institution wide Constituent Relationship Management (CRM) and Event Management platform.	Met and ongoing: <ul style="list-style-type: none"> Implementation of CRM system nearly complete, with scheduled deployment in FY 2015. Met: <ul style="list-style-type: none"> Events management Web-based platform (Certain) deployed in April 2014. All Museum events are now on the Museum website.
Improve employee on line communications.	Implement a new staff intranet.	Met: <ul style="list-style-type: none"> The new staff intranet completed September 2014.
Provide oversight for major Museum technology systems.	Continue to develop mobile Web platforms for content delivery in the Museum space and to	Met and ongoing: <ul style="list-style-type: none"> Deployed first new mobile application, which was for

United States Holocaust Memorial Museum

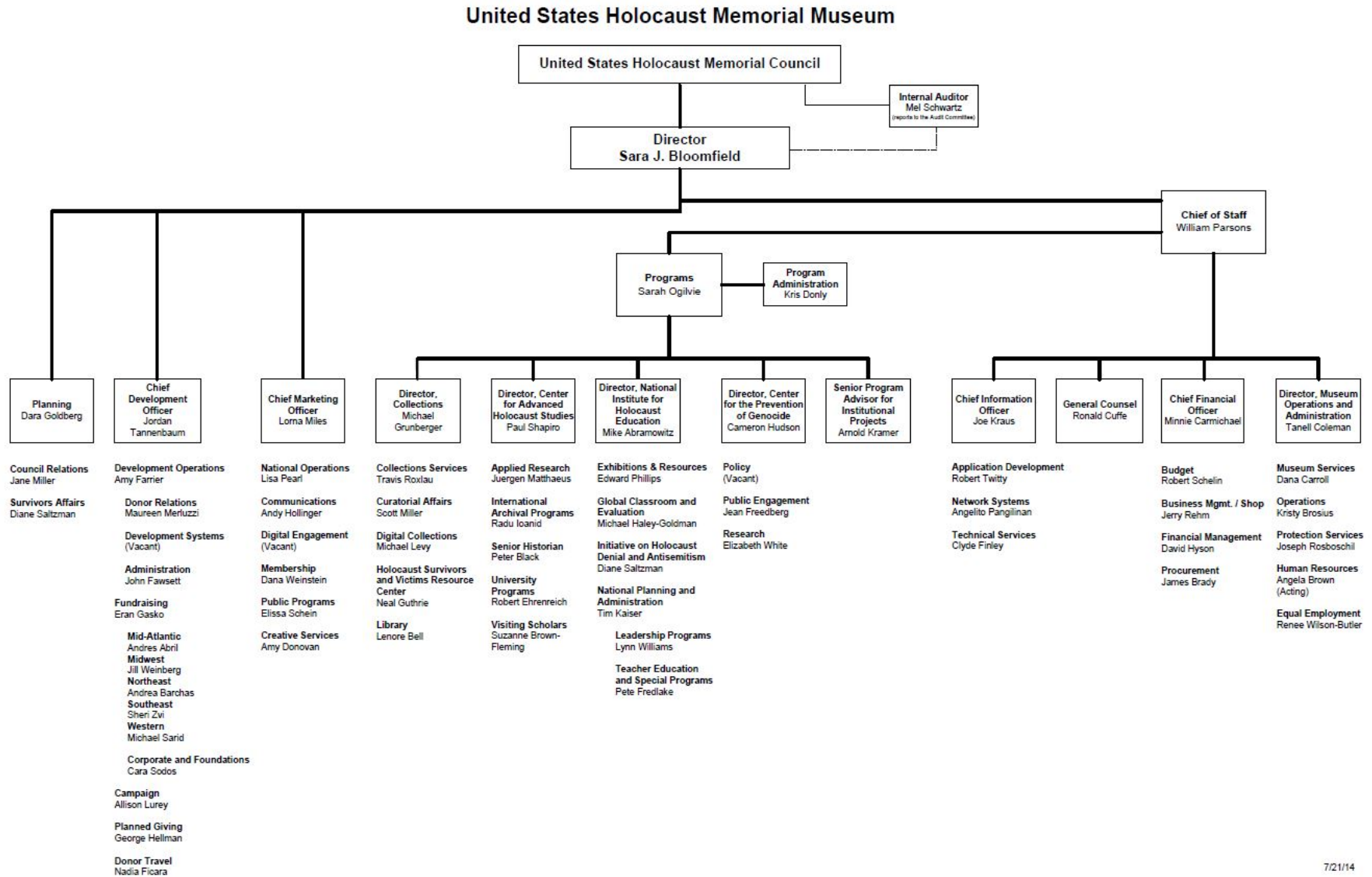
Government Performance and Results Act Annual Performance Plan - FY 2014

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2014 Activity planned, target or comparison baseline	Results / Status
	constituents world-wide.	visitors.
	<p>Enhance performance of the data center, storage, and server infrastructure through server/storage platform virtualization.</p> <p>Develop design for exhibition hardware replacement.</p>	<p>Met and ongoing:</p> <ul style="list-style-type: none"> Continuing upgrade of the storage system to accommodate the growing need to meet additional storage demands for the everyday use of Museum data, including business operations data. <p>Met:</p> <ul style="list-style-type: none"> Developed a design to replace all of the Museum's back-end exhibition hardware in FY 2015, pending funding.
	Upgrade the Museum's IT network infrastructure.	<p>Met and ongoing:</p> <ul style="list-style-type: none"> Completed upgrade to network and security components of infrastructure.
	Upgrade the donated payroll / personnel system.	<p>Met:</p> <ul style="list-style-type: none"> Completed staff training for the new system.

United States Holocaust Memorial Museum

Museum Organization Chart



United States Holocaust Memorial Museum

Message from the Chief Financial Officer

November 14, 2014

I am pleased to present the United States Holocaust Memorial Museum's Fiscal Year 2014 *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, 2014. 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 2014. 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, 2014, 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. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 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, 2014, 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 2013 financial statements, and our report dated November 26, 2013, 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, 2013, 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 14, 2014, 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 14, 2014

Financial Statements

United States Holocaust Memorial Museum

Statement of Financial Position

As of September 30, 2014

(with summarized information as of September 30, 2013)

	Nonappropriated Funds	Appropriated Funds	2014 Total	2013 Total
Assets:				
Cash and fund balance with Treasury	\$ 1,715,166	\$ 19,085,891	\$ 20,801,057	\$ 18,625,737
Short-term investments	383,286	-	383,286	287,210
Contributions receivable, net	45,229,340	-	45,229,340	36,526,359
Other assets	1,472,950	295,746	1,768,696	1,539,436
Long-term investments	301,442,589	-	301,442,589	269,597,506
Property and equipment, net	63,267,605	12,514,318	75,781,923	77,151,906
Collections	-	-	-	-
Total assets	\$ 413,510,936	\$ 31,895,955	\$ 445,406,891	\$ 403,728,154
Liabilities and net assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 6,060,160	\$ 6,174,660	\$ 12,234,820	\$ 10,491,506
Charitable gift annuity liability	11,249,866	-	11,249,866	11,010,040
Unexpended appropriations	-	14,615,159	14,615,159	11,626,318
Total liabilities	17,310,026	20,789,819	38,099,845	33,127,864
Net assets:				
Unrestricted:				
Federal cumulative results of operations	-	11,106,136	11,106,136	11,273,535
Programming and supporting activities	89,829,173	-	89,829,173	73,331,363
Funds functioning as endowment	52,832,026	-	52,832,026	59,910,830
Total unrestricted	142,661,199	11,106,136	153,767,335	144,515,728
Temporarily restricted	69,293,011	-	69,293,011	59,915,608
Permanently restricted	184,246,700	-	184,246,700	166,168,954
Total net assets	396,200,910	11,106,136	407,307,046	370,600,290
Commitments and contingencies				
Total liabilities and net assets	\$ 413,510,936	\$ 31,895,955	\$ 445,406,891	\$ 403,728,154

See accompanying notes to financial statements.

United States Holocaust Memorial Museum

Statement of Activities Year Ended September 30, 2014 (with summarized information for the year ended September 30, 2013)

	Nonappropriated Funds	Appropriated Funds	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
Support and revenues:							
Federal appropriation revenue	\$ -	\$ 49,134,640	\$ 49,134,640	\$ -	\$ -	\$ 49,134,640	\$ 49,959,460
Contributions	23,573,823	-	23,573,823	13,330,472	14,540,124	51,444,419	52,104,427
Membership revenue	10,517,750	-	10,517,750	-	-	10,517,750	9,970,171
Museum shop	1,754,844	-	1,754,844	-	-	1,754,844	1,760,709
Investment income, net	16,129,656	-	16,129,656	4,238,525	3,537,622	23,905,803	32,252,277
Contributed services	39,160	-	39,160	-	-	39,160	1,868,902
Imputed financing source	-	1,392,250	1,392,250	-	-	1,392,250	1,217,349
Other	338,646	-	338,646	-	-	338,646	315,644
Net assets released from restrictions:							
Expiration of time restrictions	733,031	-	733,031	(733,031)	-	-	-
Satisfaction of program restrictions	7,458,563	-	7,458,563	(7,458,563)	-	-	-
Total support and revenues	60,545,473	50,526,890	111,072,363	9,377,403	18,077,746	138,527,512	149,448,939
Expenses:							
Program services							
Museum operations	3,780,658	24,287,377	28,068,035	-	-	28,068,035	29,093,713
Mandel Ctr for Advanced Holocaust Studies	5,386,335	2,829,797	8,216,132	-	-	8,216,132	7,976,969
National Institute for Holocaust Education	6,912,252	4,671,396	11,583,648	-	-	11,583,648	10,955,323
Collections	3,895,438	5,776,127	9,671,565	-	-	9,671,565	8,426,799
Center for the Prevention of Genocide	1,926,697	-	1,926,697	-	-	1,926,697	1,933,136
Marketing	5,539,916	871,436	6,411,352	-	-	6,411,352	12,794,934
Museum shop	1,579,680	-	1,579,680	-	-	1,579,680	1,657,710
Other outreach programs	1,351,993	1,049,236	2,401,229	-	-	2,401,229	3,281,976
Total program services	30,372,969	39,485,369	69,858,338	-	-	69,858,338	76,120,560
Supporting services							
Management and general	7,504,333	11,208,920	18,713,253	-	-	18,713,253	17,014,766
Membership development	4,783,595	-	4,783,595	-	-	4,783,595	4,626,828
Fundraising	8,465,570	-	8,465,570	-	-	8,465,570	9,060,860
Total supporting services	20,753,498	11,208,920	31,962,418	-	-	31,962,418	30,702,454
Total expenses	51,126,467	50,694,289	101,820,756	-	-	101,820,756	106,823,014
Change in net assets	9,419,006	(167,399)	9,251,607	9,377,403	18,077,746	36,706,756	42,625,925
Net assets - beginning of year	133,242,193	11,273,535	144,515,728	59,915,608	166,168,954	370,600,290	327,974,365
Net assets - end of year	\$ 142,661,199	\$ 11,106,136	\$ 153,767,335	\$ 69,293,011	\$ 184,246,700	\$ 407,307,046	\$370,600,290

See accompanying notes to financial statements.

United States Holocaust Memorial Museum

Statement of Cash Flows Year Ended September 30, 2014

(with summarized information for the year ended September 30, 2013)

	Nonappropriated Funds	Appropriated Funds	2014 Total	2013 Total
Reconciliation of change in net assets to net cash provided by (used in) operating activities:				
Change in net assets	\$ 36,874,155	\$ (167,399)	\$ 36,706,756	\$ 42,625,925
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Museum depreciation	2,724,056	1,176,485	3,900,541	3,876,116
Equipment depreciation	62,285	640,286	702,571	1,414,742
Exhibit amortization	1,035,202	841,021	1,876,223	1,522,605
Realized/unrealized gain on investments	(18,717,471)	-	(18,717,471)	(26,383,542)
Change in allowance for doubtful accounts	1,162,800	-	1,162,800	66,881
Change in discount to present value of contributions receivable	92,468	-	92,468	4,072,274
Contributions of permanently restricted net assets	(8,266,283)	-	(8,266,283)	(11,677,089)
Changes in assets and liabilities:				
Decrease (increase) in:				
Contributions receivable	(9,958,249)	-	(9,958,249)	(22,200,489)
Other assets	(214,249)	(15,011)	(229,260)	131,356
Increase (decrease) in:				
Accounts payable and accrued expenses	1,373,636	369,678	1,743,314	(342,598)
Charitable gift annuity liability	239,826	-	239,826	(136,139)
Unexpended appropriations	-	2,988,841	2,988,841	(2,172,784)
Net cash provided by (used in) operating activities	6,408,176	5,833,901	12,242,077	(9,202,742)
Cash flows from investing activities:				
Capital expenditures	(2,646,394)	(2,462,958)	(5,109,352)	(3,947,302)
Purchases of investments	(69,472,910)	-	(69,472,910)	(64,562,024)
Proceeds from sale of investments	56,249,222	-	56,249,222	64,182,876
Net cash used in investing activities	(15,870,082)	(2,462,958)	(18,333,040)	(4,326,450)
Cash flows from financing activities:				
Permanently restricted contributions	8,266,283	-	8,266,283	11,677,089
Net cash provided by financing activities	8,266,283	-	8,266,283	11,677,089
Net (decrease) increase in cash and fund balance with Treasury	(1,195,623)	3,370,943	2,175,320	(1,852,103)
Cash and fund balance with Treasury - beginning of year	2,910,789	15,714,948	18,625,737	20,477,840
Cash and fund balance with Treasury - end of year	\$ 1,715,166	\$ 19,085,891	\$ 20,801,057	\$ 18,625,737
Supplemental data:				
Non-cash investing and financing activities:				
Gifts of securities	\$ 1,457,737	\$ -	\$ 1,457,737	\$ 1,774,325

See accompanying notes to financial statements.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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 9) 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 to be 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 2011. For the year ended September 30, 2014 and 2013, there were no interest or penalties recorded or included in the statement of activities related to uncertain tax positions.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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, 2013, from which the summarized information was derived.

Accounting Pronouncements Adopted

In October 2012, FASB issued Accounting Standards Update (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 adoption of this standard did not have a material effect on the Museum's financial position and activities.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This amendment establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The amendment is to be applied prospectively for annual periods beginning after December 15, 2017. There are three basic transition methods available - full retrospective, retrospective with certain practical expedients, and a cumulative effect approach. Under the third alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application (e.g. January 1, 2018) and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP. The Museum is still in the process of assessing the impact this new standard will have on the financial statements.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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, 2014 and 2013. 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.

(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 56% of the Museum's gross contributions receivable as of September 30, 2014 are due from four 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.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

(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 \$411,473 and \$383,261 as of September 30, 2014 and 2013, respectively, and is valued at the lower of cost or market using the first-in, first-out inventory valuation method.

(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.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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, 2014

(with comparative information for the year ended September 30, 2013)

(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, 2014

(with comparative information for the year ended September 30, 2013)

(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 as the 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.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

The Museum's 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 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:

	2014	2013
Status of fund balance with Treasury:		
Unobligated balance:		
Available	\$ 6,774,350	\$ 4,470,502
Unavailable	1,133,915	824,806
Obligated not yet disbursed	11,177,626	10,419,640
Total appropriated fund balance with Treasury	\$ 19,085,891	\$ 15,714,948

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:

	2014	2013
Money market funds	\$ 264,748	\$ 263,489
Donated stock	118,538	23,721
Total	\$ 383,286	\$ 287,210

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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

	2014	2013
Investments:		
Portfolio cash equivalents	\$ 21,059,272	\$ 20,708,579
U.S. large cap equities	81,865,040	56,197,112
U.S. small to mid-cap equities	21,513,601	19,394,736
International markets equities	24,595,581	23,080,354
Emerging markets equities	12,051,492	9,703,155
Global equities	-	7,942,943
Fixed income mutual funds	27,045,146	26,567,943
Multi-strategy mutual funds	26,603,305	25,533,148
High yield corporate bond funds	11,336,957	10,991,286
Bank loan fund	11,326,250	10,884,239
Equity long/short hedge funds	11,580,089	10,771,135
Event driven hedge funds	30,563,130	28,047,847
Multi-strategy hedge funds	1,008,097	1,060,602
State of Israel bonds	156,228	430,554
Gift annuity program investments:		
Portfolio cash equivalents	307,524	637,498
Domestic equities and fixed income	20,430,877	17,646,375
Total	\$ 301,442,589	\$ 269,597,506

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

	2014	2013
Interest and dividends	\$ 6,296,568	\$ 7,053,158
Net realized and unrealized gains	18,717,471	26,383,542
Investment management fees	(1,108,236)	(1,184,423)
Net investment income	\$ 23,905,803	\$ 32,252,277

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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, 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, 2014

(with comparative information for the year ended September 30, 2013)

The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2014:

	Level 1	Level 2	Level 3	Total
Short-term investments:				
Money market funds	\$ 264,748	\$ -	\$ -	\$ 264,748
Donated stock	118,538	-	-	118,538
Short-term investments subtotal	383,286	-	-	383,286
Long-term investments:				
Portfolio cash equivalents	21,059,272	-	-	21,059,272
U.S. large cap equities	32,896,421	48,968,619	-	81,865,040
U.S. small to mid-cap equities	21,513,601	-	-	21,513,601
International markets equities	-	24,595,581	-	24,595,581
Emerging markets equities	-	12,051,492	-	12,051,492
Fixed income mutual funds	27,045,146	-	-	27,045,146
Multi-strategy mutual funds	21,224,783	-	5,378,522	26,603,305
High yield corporate bond funds	11,336,957	-	-	11,336,957
Bank loan fund	-	-	11,326,250	11,326,250
Equity long/short hedge funds	-	-	11,580,089	11,580,089
Event driven hedge funds	-	-	30,563,130	30,563,130
Multi-strategy hedge funds	-	-	1,008,097	1,008,097
State of Israel bonds	156,228	-	-	156,228
Gifts annuity program investments:				
Portfolio cash equivalents	307,524	-	-	307,524
Domestic equities and fixed income	-	20,430,877	-	20,430,877
Long-term investments subtotal	135,539,932	106,046,569	59,856,088	301,442,589
Interest in charitable trusts - included in contributions receivable	-	-	1,396,801	1,396,801
Total	\$ 135,923,218	\$ 106,046,569	\$ 61,252,889	\$ 303,222,676

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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
Total	\$ 127,585,012	\$ 78,578,048	\$ 65,133,457	\$ 271,296,517

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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, 2014:

	Beginning balance October 1, 2013	Dividend and interest income	Realized gains/ (losses)	Unrealized gains/ (losses)	Purchases	Sales	Ending balance September 30, 2014
Global equities	\$ 7,942,943	\$ 43,818	\$ 2,527,309	\$(2,396,101)	\$ -	\$(8,117,969)	\$ -
Multi-strategy							
mutual funds	5,014,890	-	-	363,632	-	-	5,378,522
Bank loan fund	10,884,239	531,942	202	(90,129)	-	(4)	11,326,250
Equity long/short							
hedge funds	10,771,135	-	-	808,954	-	-	11,580,089
Event driven hedge							
funds	28,047,847	1,186,857	319,606	1,038,876	500,000	(530,056)	30,563,130
Multi-strategy hedge							
funds	1,060,602	2	-	54,889	-	(107,396)	1,008,097
Interest in charitable							
trusts	1,411,801	-	-	-	-	(15,000)	1,396,801
Total	\$ 65,133,457	\$ 1,762,619	\$ 2,847,117	\$ (219,879)	\$ 500,000	\$(8,770,425)	\$ 61,252,889

There were no issuances or settlements during the year ended September 30, 2014.

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

There were no issuances or settlements during the year ended September 30, 2013.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

Quantitative Information

Quantitative information as of September 30, 2014, 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	\$ 1,396,801	Income Approach	Discount rates Life expectancies Trust payouts Allocation percentages	N/A

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 SOC-1 reports of each fund, where available.
- Monitoring and evaluation 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 also has regular calls with management of the funds and meets periodically with the Museum's

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

Investment Committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2014 and 2013.

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 2014 and 2013.

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, 2014 are as follows:

	Carrying Amount	Fair Value
Contributions receivable	\$ 45,229,340	\$ 44,476,659
Charitable gift annuity liability	\$ 11,249,866	\$ 11,341,591

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

Estimates of fair value at September 30, 2014 and 2013, 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, 2014

(with comparative information for the year ended September 30, 2013)

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, 2014:

	Fair Value	Unfunded commitments	Redemption Frequency	Redemption notice period
U.S. large cap equities	\$ 48,968,619	\$ -	daily to monthly	none to 10 days
International markets equities	24,595,581	-	daily to monthly	none to 6 days
Emerging markets equities	12,051,492	-	daily to quarterly	none to 10 days
Multi-strategy mutual funds	5,378,522	-	quarterly	30 days
Bank loan fund	11,326,250	-	quarterly	90 days
Equity long/short hedge funds	11,580,089	-	quarterly	45 days
Event driven hedge funds	30,563,130	4,500,000	quarterly to at maturity	none to 90 days
Multi-strategy hedge funds	1,008,097	-	annually	N/A
Total	\$ 145,471,780	\$ 4,500,000		

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

U.S. large cap equities include investments in three 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. Multi-strategy mutual funds are 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 \$7.3 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 \$20.7 million and \$18.3 million in 2014 and 2013, respectively. These investments are recognized at fair value using quoted market prices. An annuity liability for approximately \$11.2 million and \$11.0 million in 2014 and 2013, 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 \$1,115,009 and (\$424,775), respectively, in 2014 and \$850,757 and \$958,513, respectively, in 2013 and is included in contributions revenue.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

6. Contributions Receivable

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

	2014	2013
Amounts due in:		
Less than one year	\$ 2,987,561	\$ 2,961,374
One to five years	39,259,547	27,629,363
More than five years	10,526,800	12,224,922
Subtotal	52,773,908	42,815,659
Less:		
Allowance for doubtful accounts	(2,192,926)	(1,030,126)
Discount to present value (1.6% - 3.9%)	(5,351,642)	(5,259,174)
Total	\$ 45,229,340	\$ 36,526,359

7. Property and Equipment

At September 30, 2014, property and equipment consisted of the following:

	Nonappropriated funds	Appropriated funds	Total
Buildings and capital improvement	\$ 111,360,473	\$ 21,750,747	\$133,111,220
Furniture and equipment	6,718,185	13,180,559	19,898,744
Exhibitions	30,440,056	13,471,248	43,911,304
Leasehold improvements	1,562,428	63,505	1,625,933
Total property and equipment	150,081,142	48,466,059	198,547,201
Less accumulated depreciation and amortization	(86,813,537)	(35,951,741)	(122,765,278)
Total property and equipment, net	\$ 63,267,605	\$ 12,514,318	\$ 75,781,923

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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

	Nonappropriated funds	Appropriated 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
Total property and equipment	147,487,644	46,194,104	193,681,748
Less accumulated depreciation and amortization	(83,044,890)	(33,484,952)	(116,529,842)
Total property and equipment, net	\$ 64,442,754	\$ 12,709,152	\$ 77,151,906

Depreciation and amortization expense for the years ended September 30, 2014 and 2013 was \$6,479,335 and \$6,813,463, respectively.

8. Term Loan

On August 13, 2014, the Museum entered into a drawdown term loan agreement in the principal amount of up to \$50.0 million to finance the purchase of land and construction of a Collections Conservation Center. As of September 30, 2014, the Museum has not made any drawdowns from this loan.

9. Appropriated Funds

The fiscal year 2014 and 2013 Federal appropriations (net of rescissions) totaled \$52,385,000 and \$48,063,934, respectively, which includes appropriations of \$1,264,000 and \$1,195,969 for exhibition design and production, and \$1,900,000 and \$1,797,737 for building repair and rehabilitation, for fiscal years 2014 and 2013, 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 \$515,000 and \$487,282, for fiscal years 2014 and 2013, respectively, to be used for equipment replacement.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

Below is a reconciliation of the fiscal year 2014 and 2013 Federal appropriations received to Federal appropriations expended and recognized as revenue:

	2014	2013
Federal appropriation (net of rescissions) received	\$ 52,385,000	\$ 48,063,934
Unexpended appropriation - current year	(8,335,267)	(6,618,197)
Amounts obligated in previous years - expended in current year	5,084,907	8,513,723
Federal appropriation revenue	\$ 49,134,640	\$ 49,959,460

Below is a reconciliation of the spending of the fiscal year 2014 and 2013 Federal appropriations:

	2014	2013
Total expenses	\$ 50,694,289	\$ 49,970,681
Depreciation and amortization	(2,657,792)	(2,469,081)
Unpaid vacation and other unfunded expenses	(1,389,044)	(1,219,712)
Prepayments and others	24,229	28,750
Unexpended appropriation - current year	8,335,267	6,618,197
Amounts obligated in previous years - expended in current year	(5,084,907)	(8,513,723)
Capital expenditures	2,462,958	3,648,822
Federal appropriation	\$ 52,385,000	\$ 48,063,934

10. 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, 2014, by year and in the aggregate, are summarized as follows:

2015	\$ 2,682,349
2016	2,609,641
2017	2,594,755
2018	1,026,335
Thereafter	-
Total	\$ 8,913,080

Rent expense for fiscal year 2014 and 2013 was \$3,351,435 and \$2,865,839, respectively. This amount was composed of appropriated funds and nonappropriated funds of \$2,703,851 and \$647,584, and \$2,513,354 and \$352,485 in 2014 and 2013, respectively.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

11. 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 2014 and 2013 was \$3,266,182 and \$3,012,665, 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 and life insurance benefits. In fiscal year 2014 and 2013, the Museum, utilizing OPM's cost factors, recognized \$536,477 and \$322,161 of pension expenses, \$852,885 and \$892,680 of postretirement health benefits expenses, \$2,887 and \$2,508, respectively, of postretirement life insurance expenses, beyond amounts actually paid. The Museum recognized offsetting revenue of \$1,392,250 and \$1,217,349 in 2014 and 2013, 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 3% and 50% of contributions for the next 2% of annual pay. The Museum's expense for the 403(b) plan in 2014 and 2013 was \$2,257,221 and \$2,062,664, respectively.

12. 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, 2014 and 2013. 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 2014 and 2013. The fiscal year 2014 and 2013 appropriated actuarial liability is \$231,574, and the fiscal year 2014 and 2013 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.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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 \$516 and \$416 in 2014 and 2013, respectively. The fiscal year unfunded liability for the Museum's nonappropriated employees is \$476 for both 2014 and 2013.

13. Temporarily Restricted Net Assets

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

	2014	2013
Contributions to be received in future periods - for general use	\$ 7,464,936	\$ 5,567,680
Secure the Future	2,658,414	4,312,616
National Institute for Holocaust Education	13,319,239	12,700,718
Rescue the Evidence	25,864,010	20,165,841
Mandel Center for Advanced Holocaust Studies	14,621,240	13,045,711
Center for the Prevention of Genocide	5,365,172	4,123,042
Total temporarily restricted net assets	\$ 69,293,011	\$ 59,915,608

14. 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:

	2014	2013
Secure the Future	\$ 121,554,683	\$ 120,245,567
National Institute for Holocaust Education	19,447,609	18,139,427
Rescue the Evidence	2,214,181	2,072,831
Mandel Center for Advanced Holocaust Studies	37,092,916	22,496,363
Center for the Prevention of Genocide	3,937,311	3,214,766
Total permanently restricted net assets	\$ 184,246,700	\$ 166,168,954

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

15. Contributed Services

In-kind contributions of goods and services totaling \$39,160 and \$1,868,902 were received by the Museum during the fiscal years ended September 30, 2014 and 2013, respectively. 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 58 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.

16. 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 73 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, 2014:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 34,810,905	\$ 10,737,584	\$164,052,456	\$209,600,945
Funds functioning as endowment	52,832,026	-	-	52,832,026
Total	\$ 87,642,931	\$ 10,737,584	\$164,052,456	\$262,432,971

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

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

Changes in endowment net assets for the year ended September 30, 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2013	\$ 87,412,233	\$ 10,562,855	\$152,757,386	\$ 250,732,474
Investment return:				
Investment income	4,259,837	791,445	783,141	5,834,423
Net appreciation/ depreciation	11,823,254	2,151,733	2,165,221	16,140,208
Total investment return	16,083,091	2,943,178	2,948,362	21,974,631
Contributions	-	-	8,266,283	8,266,283
Payout of endowment assets for expenditures	(7,870,504)	(2,768,449)	-	(10,638,953)
Reductions to Board Designated	(7,901,464)	-	-	(7,901,464)
Underwater adjustment	(80,425)	-	80,425	-
Endowment net assets, September 30, 2014	\$ 87,642,931	\$ 10,737,584	\$164,052,456	\$ 262,432,971

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

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Endowment net assets, 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/ 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 for expenditures	(7,141,266)	(2,561,156)	-	(9,702,422)
Reductions to Board Designated	(2,634,614)	-	-	(2,634,614)
Underwater adjustment	(94,770)	-	94,770	-
Endowment net assets, September 30, 2013	\$ 87,412,233	\$ 10,562,855	\$152,757,386	\$ 250,732,474

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

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 \$80,425 and \$94,770 as of September 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the 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.

17. 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, 2014.

United States Holocaust Memorial Museum

Notes to Financial Statements

As of and for the Year Ended September 30, 2014

(with comparative information for the year ended September 30, 2013)

18. Related Party Transactions

There were no related party transactions that require disclosure during the years ended September 30, 2014 and 2013.

19. Subsequent Events

Management has performed an evaluation of subsequent events through November 14, 2014, 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, 2014.

Supplementary Schedules

United States Holocaust Memorial Museum

Schedule of Budgetary Resources - Appropriated Funds Years ended September 30, 2014 and 2013

<i>For the years ended September 30,</i>	2014	2013
Budgetary resources:		
Unobligated balance, brought forward, October 1	\$ 5,326,071	\$ 5,650,897
Recoveries of prior year unpaid obligations	1,617,974	-
Budgetary authority appropriations received	52,385,000	50,716,724
Spending authority from offsetting collections	14,172	149,893
Rescission	-	(2,652,788)
Canceled appropriation - permanently not available	(261,519)	(276,566)
Total budgetary resources	\$ 59,081,698	\$ 53,588,160

<i>For the years ended September 30,</i>	2014	2013
Status of budgetary resources:		
Obligations incurred, net	\$ 51,173,433	\$ 48,292,852
Unobligated balance - available apportioned	6,774,350	4,470,502
Unobligated balance not available	1,133,915	824,806
Status of budgetary resources	\$ 59,081,698	\$ 53,588,160

<i>For the years ended September 30,</i>	2014	2013
Change in obligation balance:		
Obligated balances, net:		
Unpaid obligations, bought forward, October 1	\$ 10,419,640	\$ 12,679,460
Obligations incurred, net	51,173,433	48,292,852
Less: gross outlays	(48,797,473)	(50,552,672)
Less: recoveries of prior year unpaid obligations, actual	(1,617,974)	-
Obligated balances, net, end of year	\$ 11,177,626	\$ 10,419,640

<i>For the years ended September 30,</i>	2014	2013
Outlays:		
Gross outlays	\$ 48,797,473	\$ 50,552,672
Less: offsetting collections	(14,172)	(149,893)
Net outlays	\$ 48,783,301	\$ 50,402,779

See accompanying independent auditor's report.

United States Holocaust Memorial Museum

Schedule of Net Cost - Appropriated Funds Years ended September 30, 2014 and 2013

	For the year ended 2014		
	Intra- government	Public	Total
Museum operations	\$ 5,033,691	\$ 19,253,686	\$ 24,287,377
Mandel Center for Advanced Holocaust Studies	542,276	2,287,521	2,829,797
National Institute for Holocaust Education	754,306	3,917,090	4,671,396
Collections	1,130,152	4,645,975	5,776,127
Marketing	164,322	707,114	871,436
Other outreach programs	152,865	896,371	1,049,236
Management and general	1,661,246	9,547,674	11,208,920
Net cost of operations	\$ 9,438,858	\$ 41,255,431	\$ 50,694,289

	For the year ended 2013		
	Intra- government	Public	Total
Museum operations	\$ 4,960,453	\$ 19,946,034	\$ 24,906,487
Mandel 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
Net cost of operations	\$ 9,267,202	\$ 40,703,479	\$ 49,970,681

See accompanying independent auditor's report.

United States Holocaust Memorial Museum

Schedule of Changes in Net Position - Appropriated Funds Years Ended September 30, 2014 and 2013

<i>For the years ended September 30,</i>	2014		2013	
	Cumulative results of operations	Unexpended appropriations	Cumulative results of operations	Unexpended appropriations
Beginning balances	\$ 11,273,535	\$ 11,626,318	\$ 10,067,407	\$ 13,799,102
Budgetary financing sources:				
Appropriations received (current period)	-	52,385,000	-	50,716,724
Rescissions	-	-	-	(2,652,788)
Canceled or expired appropriations	-	(261,519)	-	(276,566)
Other	-	-	-	(694)
Appropriations used	49,134,640	(49,134,640)	49,959,460	(49,959,460)
Other financing resources:				
Imputed financing from costs absorbed by others	1,392,250	-	1,217,349	-
Total financing sources	50,526,890	2,988,841	51,176,809	(2,172,784)
Total	61,800,425	14,615,159	61,244,216	11,626,318
Net cost of operations	(50,694,289)	-	(49,970,681)	-
Ending balances	\$ 11,106,136	\$ 14,615,159	\$ 11,273,535	\$ 11,626,318

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, 2014 and 2013

<i>For the year ended September 30,</i>	2014	2013
Total resources used to finance activities:		
Obligations, offsetting receipts, imputed financing sources	\$ 50,279,741	\$ 51,619,309
Change in budgetary resources obligated for goods and services	237,931	(444,472)
Resources that finance the acquisition of capital assets	(2,462,958)	(3,648,822)
	48,054,714	47,526,015
Components requiring or generating resources in future periods:		
Annual leave liability increase	(3,306)	1,994
Unfunded FECA, NonBudgetary Receivables, Actuarial FECA	(14,911)	(26,409)
Components not requiring or generating resources in current period:		
Depreciation and amortization	2,657,792	2,469,081
Total components of the net cost of operations that will not require or generate resources	2,693,575	2,444,666
Net cost of operations	\$ 50,694,289	\$ 49,970,681

See accompanying independent auditor's report.

United States Holocaust Memorial Museum

Schedule of Claims Conference Payments Year ended September 30, 2014

Grant Award	2014
132-30448-8	\$ 135
192-30448-11	8,797
222-30448-11	5,426
252-30448-16	3,299
S028-7730	10,889
SWVLP-8442	27,998
Fund SO33/App. 10298	33,873
Fund SWVLP/App. 11151	79,062
Fund SO34/App. 11043	130,020
Fund SO35/App. 11380	63,975
Fund SO35/App. 11568	151,546
Fund SO38/App. 12870	297,906
Fund SO38/App. 12610	84,206
Fund SO39/App. 13299	382,867
Fund SO40/App. 14021	312,033
Fund SO40/App. 14022	18,003
Fund SO42/App. 14312	21,702
Fund SWVLP/App. 16217	90,362
Fund SO43/App. 15019	30,815

Fiscal year 2014 payments to United States Holocaust Memorial Museum	\$ 1,752,914
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See accompanying independent auditor's report.

Independent Auditor's Reports Required by
Government Auditing Standards



Independent Auditor's Report on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Holocaust Memorial Museum (the Museum), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency. See item 2014-001.



Museum's Response to Findings

The Museum's response to the finding identified in our audit is described in the accompanying schedule of findings. The Museum's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 14, 2014



Independent Auditor's Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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. 14-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the **United States Holocaust Memorial Museum** (the Museum) as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2014.

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. 14-02. 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. 14-02.

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 14, 2014

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United States Holocaust Memorial Museum

Schedule of Findings

Financial Statement Findings

2014-001 - Review and approval of journal entries

Criteria: The key control over the recording of journal entries at the Museum is that an authorized individual with appropriate skills is required to review and approve all submitted and processed journal entries prior to them being posted to the general ledger.

Condition: We noted the following:

- Post-closing adjustments to the general ledger to capitalize fixed assets that were improperly expensed during the year and the related adjustments to accumulated depreciation and depreciation expense.
- Audit adjustments to the general ledger to capitalize fixed assets that were improperly expensed during the year and the related adjustments to accumulated depreciation and depreciation expense.
- Audit adjustment to the general ledger to increase the accrued vacation balance and related vacation benefit expense account due to an unchecked formula error.

Context: The condition was identified during our risk assessment procedures which included discussions with the internal audit (IA) function related to the Museum's risk areas, review of IA's audit plan, reports issued and audit work in process. Additionally, we noted these conditions in performing our walkthroughs of key controls and further confirmed these conditions during our substantive audit procedures. While these conditions appear to be isolated to a particular area of the accounting and reporting function of the Museum, it appears that the execution of current control policies was not consistently applied. We believe that proper review of the classification of expenditures against stated capitalization policies could have prevented the need for the post-closing and audit adjustments. Additionally, the proper review of supporting documentation and comparisons of documentation to prior periods would have allowed the control to work properly.

Effect: Potential misstatement due to improper classification of transactions, errors in clerical accuracy, and/or malicious intent, could occur in the presentation of the year-end financial statements.

Cause: Manual journal entries and the supporting documentation were not always thoroughly reviewed before approval was given to post to the general ledger.

Recommendation: The Museum has an effective internal control policy as the lack of consistent approval was identified by internal personnel. We believe that the need for audit adjustment could have been avoided had proper execution of current policies occurred. Each manual journal entry and its supporting documentation should be properly reviewed by a knowledgeable and experienced individual who could determine the need for any revisions necessary before granting approval to post to the general ledger.

We recommend that management provide additional appropriate training and guidance to the individual chosen to perform this important key control to ensure consistent execution of the stated job function and/or select a candidate with the appropriate level of expertise and experience and proven ability to function as required by the Museum in this key oversight role.

United States Holocaust Memorial Museum

Schedule of Findings

Views of responsible officials and planned corrective actions

The Museum concurs with the finding. Once the condition was identified, immediate actions were taken by management to eliminate or minimize financial risk to the Museum.