

# PERFORMANCE AND ACCOUNTABILITY REPORT

FISCAL YEAR 2017

October 1, 2016 – September 30, 2017

Submitted November 14, 2017

UNITED STATES  
MEMORIAL  
**HOLOCAUST  
MUSEUM**

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

**United States Holocaust  
Memorial Museum**

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**Performance and Accountability Report**  
Year ended September 30, 2017

# United States Holocaust Memorial Museum

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# United States Holocaust Memorial Museum

## Message from the Director

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November 14, 2017

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 website, 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 2018 to bring these lessons to millions more.



Sara J. Bloomfield  
Director

# United States Holocaust Memorial Museum

## Statement of Assurance

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November 14, 2017

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

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



Sara J. Bloomfield  
Director

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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### *Introduction*

This report, Management's Discussion and Analysis, provides an overview of the financial position and results of activities of the United States Holocaust Memorial Museum (the Museum) for the fiscal years ended September 30, 2017 and 2016 (FY 2017 and FY 2016), respectively. The purpose of this information is to assist readers of these statements to better understand the Museum's financial position and operating activities.

A living memorial to the Holocaust, the United States Holocaust Memorial Museum inspires citizens and leaders worldwide to confront hatred, prevent genocide, and promote human dignity. Located among our national monuments to freedom on the National Mall, the Museum provides a powerful lesson in the fragility of freedom and the need for vigilance in preserving democratic values.

The Museum's primary mission is to advance and disseminate knowledge about the Holocaust; to preserve the memory of those who suffered; and to encourage reflection on the moral and spiritual questions raised by the events of the Holocaust and the personal responsibilities of the citizens of a democracy. The Museum strives to broaden public understanding of the history of the Holocaust through educational programs; exhibitions; research and publication; collecting and preserving material evidence, art and artifacts related to the Holocaust; annual Holocaust commemorations known as Days of Remembrance; and public programming designed to enhance understanding of the Holocaust and related issues, including those of contemporary significance.

The Museum is a public-private partnership that receives an annual Federal appropriation and private donations. The Federal appropriation primarily supports operation of the Museum facility. Private (non-appropriated) funding primarily supports the educational programming, scholarly activities, and outreach.

### *Performance Goals and Results*

Following extraordinary success in its first twenty years, the Museum has a strategic plan that provides a vision and framework for its activities through its third decade. The Museum had 35 established objectives for FY 2017 related to education, remembrance, research and infrastructure support. The Museum achieved these objectives: 26 were met or exceeded and 9 were met and also on-going.

### *Financial Statements Summary*

The Museum's financial position remained strong at September 30, 2017 and 2016, with total assets of approximately \$648.6 million and \$551.5 million and total liabilities of approximately \$83.1 million and \$66.2 million, respectively.

Net assets, which represent the residual interest in the Museum's assets after liabilities are deducted, are \$565.5 million, a 16.5% increase from FY 2016. The \$80.3 million increase in net assets is primarily attributable to an increase in the value of our endowment portfolio - the result of both robust investment returns and significant endowment contributions.

# United States Holocaust Memorial Museum

## Management’s Discussion and Analysis (Unaudited)

### Statement of Financial Position

#### Contributions Receivable

The Museum has gross contributions receivable of \$81.9 million. Of these receivables, \$15.2 million are expected to be received within the next year and \$66.7 million are due after one year. Contribution receivables, net of allowance for doubtful accounts and discounted to present value, is \$71.0 million. The \$10.4 million increase from last year reflects continued success of our campaign and a major bequest.

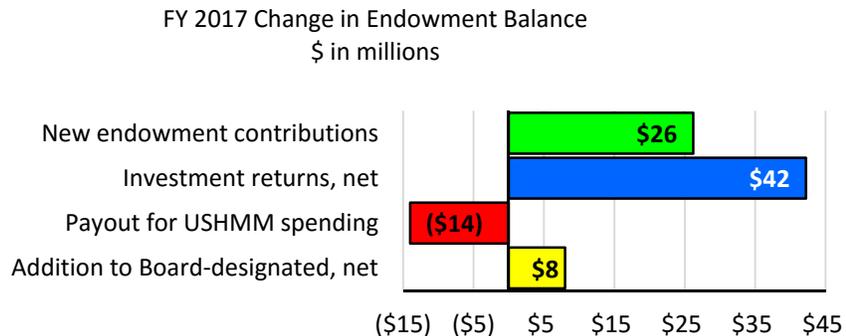
#### Long-Term Investments and Endowment

Long-term investments consist primarily of endowment funds intended to provide long-term financial security for the Museum. Under the direction of the Investment Committee of the Museum’s governing board and a highly qualified investment consultant, the Museum invests in a diversified portfolio of equities, fixed income securities, alternatives, private equity and multi-asset strategies. All endowment funds are managed in a single investment pool.

The market value of investments totals \$424.6 million, an increase of 17.8% from last fiscal year. Investment results in FY 2017 were a net gain of \$44.8 million, which includes interest and dividend income of \$7.0 million, investment management fees of (\$1.1 million), and a \$38.9 million net change in the market value of the portfolio.

The Museum’s endowment consists of donor-restricted endowments, Board-designated funds and other unrestricted funds. As of September 30, 2017 and 2016 donor-restricted endowment balances totaled \$314.3 million and \$254.8 million, respectively. The Board-designated and other endowment balance was \$84.2 million and \$71.9 million for FY 2017 and FY 2016, respectively. These balances include some liquidity reserves of purpose-restricted gifts that will be spent on Museum programs in the future.

The \$62.4 million increase in the value of the endowment in FY 2017 was the result of \$26.2 million in new endowment contributions, \$42.2 million in total net investment returns, a net addition of \$8.3 million to the Board-designated endowment, less distributions of (\$14.3 million) to support Museum activities. Distribution amounts were consistent with the Museum’s spending policies, which aim to preserve capital while providing on-going support for the Museum’s mission.



#### Property and Equipment

Property and equipment is \$117.9 million and consists of \$4.6 million in land, \$182.7 million in buildings and capital improvements, \$45.0 million in the permanent exhibition and other

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

exhibitions, \$25.1 million in furniture and equipment and \$1.8 million in leasehold improvements, less accumulated depreciation and amortization of \$141.3 million. The \$14.7 million increase compared to FY 2016 is due mostly to construction of the new David and Fela Shapell Family Collections, Conservation and Research Center (the Shapell Center), which opened this year.

### Liabilities and Net Assets/Federal Equity

Liabilities of \$83.1 million consist of accounts payable and accrued expenses, charitable gift annuity liabilities, unexpended federal appropriations, debt and an associated interest rate swap agreement. The Museum used a term loan to pay for some of the cost of constructing the Shapell Center pending receipt of all of the related contribution pledges. As of September 30, 2017, the outstanding loan balance was \$35.1 million, accounting for most of the \$16.8 million increase in liabilities.

The Museum has total equity of \$565.5 million of which \$283.9 million is permanently restricted and \$117.9 million is temporarily restricted by donors.

### Statement of Activities

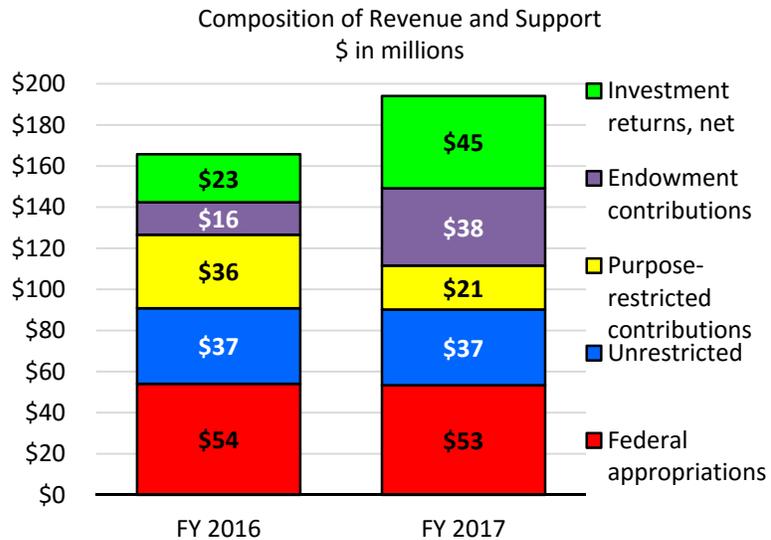
The Statement of Activities presents the Museum's annual results of financial activity and matches revenues to related expenses. The statement summarizes the annual change in net equity, which was an increase of \$80.3 million in FY 2017.

Total revenue and support in FY 2017 was \$194.0 million, an increase of \$28.3 million compared to FY 2016. That increase was the result of a \$44.8 million increase in net investment earnings in FY 2017 compared to \$23.4 million in FY 2016.

Non-appropriated sources, which includes the investment returns, provided 72.5% and 67.4% of total revenue and support in FY 2017 and FY 2016 respectively.

Total FY 2017 expenses were \$113.8 million, down by \$2.7 million (2.4%) from FY 2016. The reduction in total expense from last year is attributable to an unusually large expense last year related to acquisition of important historical artifacts. Excluding the effect of that variance, expenses are roughly flat with FY 2016.

Payroll and benefits for staff are the most significant element of our expenses, consuming \$59.8 million in FY 2017. This expense increased 2.0% over FY 2016, reflecting the careful management attention to this significant driver of our expenses.



# United States Holocaust Memorial Museum

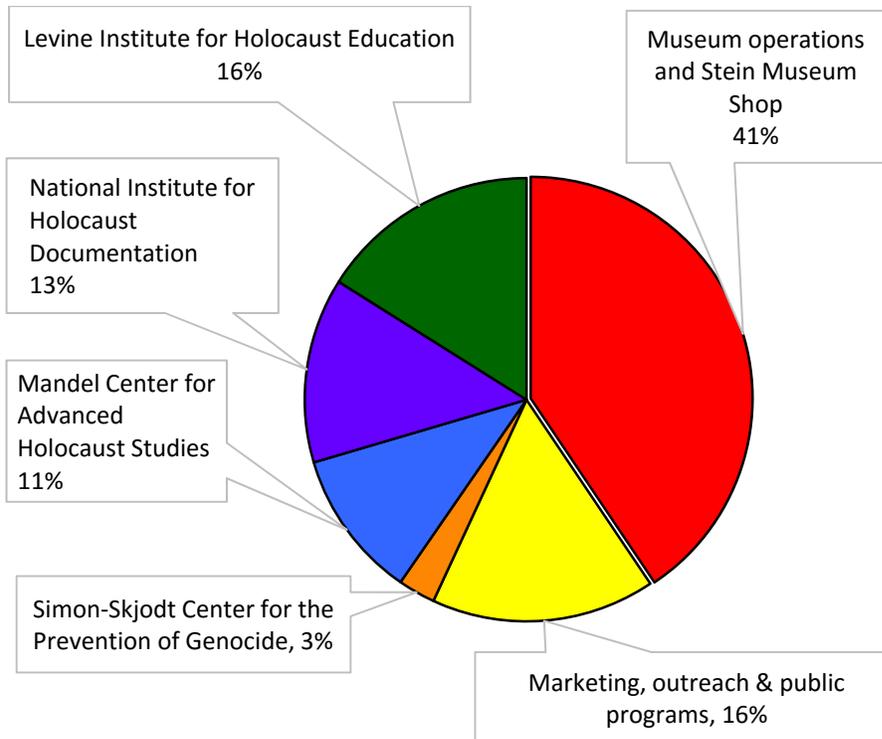
## Management's Discussion and Analysis (Unaudited)

### Program Activities

Program services continue to consume more than 70.6% of total expenses.

The operations and services of the Museum account for 40.6% of our program expenses. After falling off substantially in the years following the 2008-2009 financial crisis, Museum visitation rebounded to 1.7 million visitors in FY 2017, which approximates the level in 2008.

The Levine Institute for Holocaust Education is 16.1% of program expenses. The Levine Institute creates our exhibitions and produces educational programs for teachers and students, military and civilian leaders, law enforcement and the judiciary. The Museum creates greater awareness of the Holocaust and its lessons in a complex world and teaches why the Holocaust happened--and was



allowed to happen. The goal of the Levine Institute is to develop new approaches to Holocaust education that deepen understanding of the learners' roles in society, help them to develop critical thinking and lead to changes in their attitudes and behavior.

Much of our FY 2017 emphasis was on our "Americans and the Nazi Threat" initiative. Also in FY 2017, the Museum launched the revitalization of the Permanent Exhibition, a 5-7 year project now in the planning phase.

Another 13.5% is spent by the National Institute for Holocaust Documentation, which acquires, catalogs and conserves our collections of artifacts, documents, photographs, films, and the other evidence of the Holocaust (the Collection). This Institute's mission is to build the collection of record on the Holocaust, preserve it for posterity, and ensure its global accessibility to provide a foundation for education, exhibitions and scholarship.

The Collection--the most comprehensive anywhere--includes documentation from survivors, victims, rescuers, perpetrators, and bystanders. This body of evidence serves as an authentic witness to the Holocaust and as a permanent rejoinder to those who deny or distort this history. The Museum is in a race against time to collect the substantial material still remaining with individuals and institutions worldwide, which if not acquired now, may be lost forever.

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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The Museum's Mandel Center for Advanced Holocaust Studies spends 10.8% of our program funds to advance scholarship. Holocaust awareness and education rests on scholarly research and inquiry. The Mandel Center generates new knowledge and understanding of the many questions it presents about human nature and societies.

Holocaust studies is a relatively new academic field that lacks the organizational infrastructure to sustain it and build it in the decades ahead. By working with partner institutions and producing publications and programs, the Mandel Center actively supports researchers and faculty worldwide, especially young scholars, to create the next generation of professors, authors and researchers who will ensure the continued growth and vitality of Holocaust studies.

The Simon-Skjodt Center for the Prevention of Genocide, 2.7% of the total programs expense, is dedicated to stimulating timely global action to prevent genocide and catalyze an international response when genocide does occur. In an interconnected, rapidly changing world, atrocities fuel instability, refugee flows and terrorism, making genocide prevention a matter of national and international interest. The long-term goal of the Simon-Skjodt Center is to ensure that the United States government, other governments, and multilateral organizations have institutionalized structures, tools, and policies to effectively prevent and respond to genocide and other mass atrocities.

**Marketing, outreach and public programs** extend the reach of all programs to audiences beyond those who visit the Museum through events around the country, live streaming and publications.

**Supporting services** include the technical infrastructure that enlivens our Museum exhibitions, enables worldwide access to our collections, and delivers educational programs through our website. Supporting services also include executive leadership, fundraising, finance, human resources and other functions that support all of the Museum's activities.

### *Management Integrity: Controls and Compliance*

The Museum maintains a comprehensive management control program through the activities of its internal auditor and the Audit Committee of the governing board of trustees known as the United States Holocaust Memorial Council (the Council), the review and monitoring efforts of its legal staff, and ongoing proactive improvement efforts made by its management staff.

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

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

In addition to these efforts, the Museum has also been accredited by the American Association of Museums. During the accreditation process, qualified museum professionals conduct 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.

# United States Holocaust Memorial Museum

## Management's Discussion and Analysis (Unaudited)

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### *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. Museum management evaluates each fundraising activity to ensure that the levels of expenditures are fully justified and are producing the expected 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 were prepared from the books and records of the Museum in accordance with accounting principles generally accepted in the United States of America. 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*

Demand for the Museum's programs has grown nationally and internationally as the lessons of the Holocaust become increasingly relevant to our own times. Federal funding currently covers the basic operating costs of the Museum facility, and the Museum depends on substantial private support for other programs and outreach. The Museum is committed to building the institution's endowment so that our programs will continue as the Holocaust recedes in time. We are proud of the impact of our programs, and our productive investment in fundraising increases our confidence that the Museum will remain financially resilient.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

#### *Mission Statement*

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

- Build the Collection of Record (Acquisitions, Access, Preservation)
- Expand and Diversify our Audiences (Global, Digital Engagement)
- Secure the Future of the Museum (Campaign)

#### *Strategic Plan Summary*

##### Museum's Vision

- The permanence of Holocaust memory, understanding, and relevance
- A world in which people confront hatred, prevent genocide, and promote human dignity

##### Our Approach

The Museum is a memorial to the victims and focuses on documenting, examining and teaching how and why the Holocaust happened, targeting two major audiences—leaders and youth.

The Holocaust is a warning that the unthinkable is possible and that human nature makes all of us susceptible to the abuse of power, a belief in the inferiority of “the other” and the ability to justify any behavior—including inaction. Its significance is not only that it happened, but that it happened in one of the most educated, advanced regions of the world, and was led by a nation, albeit a struggling one, with a democratic constitution, a rule of law, and freedom of expression.

A harsh reminder of human nature and the fragility of societies, the Museum motivates citizens and leaders to work proactively to protect free societies and prevent future genocides.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

#### Program Priorities

- Increase the visibility, impact and productivity of the field of Holocaust studies in the U.S. and abroad.
- Ensure that learning how and why the Holocaust happened is an important component of the education of American citizens and professions responsible for life and liberty and that it strengthens critical thinking about their role in society.
- Raise the level of Holocaust discourse and the legitimacy of the Holocaust in countries of influence where there is rising antisemitism and denial.
- Ensure that the U.S. government has institutionalized structures, tools and policies aimed at preventing and responding to genocide and other mass atrocities.
- Stimulate global conversations on the lessons and legacies of the Holocaust.

#### *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 2017 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 2017 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 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

#### *Note on Changes to the Performance and Accountability Report*

In FY 2016, the Museum undertook to better align its annual Performance and Accountability Report with OMB guidance and so to improve compliance with OMB Circular A-11. The changes are largely technical, and include:

- Reporting five years' worth of performance data, where available.
- Reporting performance status as either meeting targets ("met") where there's a year-over-year increase or as "on-going" where the Museum has not set targets because of the nature of the work. In these cases, the Museum is cultivating partnerships and encouraging adoption of the Museum's educational resources. The Museum recognizes that the work is cumulative and continuous.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

#### Consolidated status of all objectives

##### *Budget authority applied:*

	FY 2017	FY 2016
Appropriated	\$ 57,470,000	\$ 56,700,000
Nonappropriated	55,310,000	53,875,000
Total	\$112,780,000	\$110,575,000

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##### *Status of objectives:*

	FY 2017 Results		FY 2016
No specific targets	0	0%	0%
Met or exceeded targets	26	74%	67%
Met targets and ongoing	9	26%	33%
Deferred	0	0%	0%
Not met	0	0%	0%

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##### *Major Accomplishment Highlights:*

- Completed construction of and move to the David and Fela Shapell Family Collections, Conservation and Research Center, a state-of-the-art facility, which protects and conserves the Museum's collections. The new facility was built with private funds and is operated with federal funds. Occupancy began in the second quarter of FY 2017.
- Led the 2017 *Days of Remembrance* annual commemoration and national outreach effort.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

**GOAL: Build the Collection of Record; Expand and Diversify our Audiences**

*Budget authority applied to this goal:*

	FY 2017	FY 2016
Federal	\$ 49,130,000	\$ 48,380,000
Nonappropriated	25,500,000	23,405,000
Total	\$ 74,630,000	\$ 71,785,000

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*Status of objectives:*

	FY 2017 Results		FY 2016
No specific targets	0	0%	0%
Met or exceeded targets	23	77%	68%
Met targets and ongoing	7	23%	32%
Deferred	0	0%	0%
Not met	0	0%	0%

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*Major objectives:*

- Build and preserve for posterity the fully accessible collection of the record of the Holocaust.
- Increase the visibility, impact and productivity of the field of Holocaust studies in the United States and abroad.
- Ensure that learning how and why the Holocaust happened is an important component of the education of American citizens and professions responsible for life and liberty and that it strengthens critical thinking about their role in society.
- Raise the level of Holocaust discourse and the legitimacy of the Holocaust in countries of influence where there is rising antisemitism and denial.
- Ensure that the United States government has institutionalized structures, tools and policies aimed at preventing and responding to genocide and other mass atrocities.

*Highlights:*

- Launched the revitalization of the Permanent Exhibition.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### SUMMARY ANNUAL PERFORMANCE REPORT

#### GOAL: Secure the Future of the Museum

*Budget authority applied to this goal:*

	FY 2017	FY 2016
Appropriated	\$ 8,340,000	\$ 8,320,000
Nonappropriated	29,810,000	30,470,000
Total	\$ 38,150,000	\$ 38,790,000

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*Status of objectives:*

	FY 2017 Results		FY 2016
No specific targets	0	0%	0%
Met or exceeded targets	3	60%	60%
Met targets and ongoing	2	40%	40%
Deferred	0	0%	0%
Not met	0	0%	0%

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*Major objectives:*

- Undertake fundraising efforts to fulfill the strategic plan and integrate fundraising plans with programmatic priorities.
- Pursue continuous improvement and excellence in financial and human capital management, information technology support, and Museum management and governance.

*Highlights:*

- Raised \$53.1 million, including \$31.9 million in contributions and pledges for the endowment.
- Continued a major effort to operationalize the Museum's strategic plan.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Building the Collection of Record (Acquire, Preserve, Make Accessible)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status <i>(target met or work ongoing)</i>
Build and preserve for posterity the fully accessible collection of the record of the Holocaust.	Increase the number of new acquisitions	6,813	6,161	6,018	5,583	5,702	Met
	Increase the number of records in the online catalog**	268,860	256,560	250,216	245,994	230,737	Met
	Increase the percentage of items cataloged^	69%	70%	62%	65%	66%	Met***
	Increase the percentage of items digitized^	20%	20%	18%	18%	N/A	Met***
	Increase the number of names indexed in Holocaust Survivors & Victims Database	1,438,415	1,035,416	864,152	654,774	456,053	Exceeded
	Increase the number of searches conducted in the online catalog	862,062	738,753	668,115	519,608	242,534	Met
	Increase the number of reference inquiries resolved	37,744	31,033	29,124	25,492	18,840	Met

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Building the Collection of Record (Acquire, Preserve, Make Accessible)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status (target met or work ongoing)
	Increase the number of items inventoried	24,973	33,226	N/A	N/A	N/A	Met and completed in FY 17
	Increase the number of items surveyed for conservation and transportation	N/A	96,000	N/A	N/A	N/A	Completed in FY 16

\* Includes all formats - archival collections, artifact collections, books and other published materials, historical film collections, oral histories, and photographs. Totals combine counts of collections or individual items, depending upon format.

\*\* Cumulative data.

\*\*\* Cataloging and digitization operations were halted temporarily by the relocation to the Shapell Center; however, overall rates remained stable.

^ Many additional collections and items are restricted by copyright or contractual agreement to internal-only access.

Building *The Collection of Record on the Holocaust*, preserving it for posterity, and ensuring its global accessibility provide the foundation for education, exhibitions, and scholarship. The Collection--the most comprehensive anywhere--includes documentation from survivors, victims, rescuers, perpetrators, and bystanders. This body of evidence serves as an authentic witness to the Holocaust and as a permanent rejoinder to those who deny or distort this history. The Museum is in a race against time to collect the substantial material still remaining with individuals and institutions worldwide, which if not acquired now, may be lost forever. In FY 2017, the National Institute for Holocaust Documentation, which is responsible for this foundational work, advanced its priority outcome in its three core functional areas:

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### STRATEGIC OBJECTIVE: Building the Collection of Record (Acquire, Preserve, Make Accessible)

#### Acquisitions

New additions to the Collection totaled 6,813, across all formats, including archival and artifact collections, books and other published materials, historical films, oral histories, and photographs, and the Museum especially sought resources related to diverse victim groups and to American responses to the Holocaust. Highlights include:

- A letter by Albert Einstein to a colleague, dated October 11, 1938, in which Einstein criticized British Prime Minister Neville Chamberlain for his appeasement of Nazi Germany. While others praised Chamberlain for avoiding war, Einstein accurately predicted Chamberlain's position would embolden Hitler, and wrote "I do not have any hope left for the future of Europe."
- The William Rosenwald Family Association Papers, including affidavits, documents, correspondence, and reports, detailing the efforts of the children of Sears Roebuck magnate Julius Rosenwald to rescue approximately 300 German relatives, and to aid 1,496 other immigrants through the Refugee Transportation Fund.
- Oral history interview of Ambassador Richard Schifter, an Austrian Jewish refugee who arrived in the U.S. before WWII. His parents remained in Austria and did not survive. Schifter joined the U.S. military, becoming a "Ritchie boy," engaged in intelligence work for the U.S. towards the close of the war.
- Jung, Carel Hendrik. *A Nation in Distress*. Holland: C.H. Jung, 1945. 100 drawings created secretly by the Dutch illustrator during the German occupation. Number 30 of a limited edition of 40 copies, and signed by the illustrator.

#### Preservation

- Digital Asset Preservation: The Museum entered into a contract for a Digital Preservation System to ensure continued access of almost 800 terabytes of data, and expects to begin implementing the system in FY 2018.
- The David and Fela Shapell Family Collections, Conservation and Research Center (Shapell Center): In April, the Museum dedicated and opened the new 103,000 sq. ft., state-of-the-art facility. Collections Services oversaw the inventory, packing, and relocation of the historical collections to the Shapell Center, with the support of cross-departmental teams, contractors, and term positions. The facility is the permanent home for the nation's Collection of Record of Holocaust-era artifacts, and provides ideal climate and security for the long-term preservation and access of the material. Constructed with private funds and operated with federal funds, this building completes the Museum's campus and will also serve as a dynamic hub promoting access to the Collection, new scholarship and education. When the research component is complete in FY 2018, the Shapell Center will bring together the collection, staff from the National Institute for Holocaust Documentation and the Jack, Joseph and Morton Mandel Center, as well as visiting fellows and other researchers, to further the use of the full range of collection materials in the creation of new knowledge.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### STRATEGIC OBJECTIVE: Building the Collection of Record (Acquire, Preserve, Make Accessible)

#### Access

New and expanded projects have advanced the goal of global access:

- Cataloging efforts across all formats increased the total number of records in the online Collections Search catalog to 268,860. A project was completed to optimize the functionality of the catalog, which was searched more than 860,000 times by remote researchers in more than 59 countries. More than 430 name and subject headings were contributed to the authority files maintained by the Library of Congress.
- Digitization projects for all formats were expanded, resulting in: (1) 767 archival collections available digitally online; (2) 642 rare books digitized in partnership with the nonprofit Internet Archive; (3) 8,432 objects photographed; and (4) 69% of historical films and 53% of oral histories available online. The archival digitization program was reestablished as in-house operation with upgraded equipment, resulting in substantial efficiency gains, cost savings, higher throughput with greater quality output, and yielding 397,090 images to date. A new web viewer system was developed and implemented for displaying archival collections and digitized books.
- The World Memory Project, in partnership with Ancestry.com, brought the total number of names indexed in the Museum's Holocaust Survivors and Victims (HSV) database to more than 1.4 million, building the world's largest online resource for information about individual victims of the Holocaust.
- Reference and research service staff in the Library & Archives, Holocaust Survivors & Victims Resource Center, Film Archives, and Photo Archives responded to 37,744 requests for information and resources.
- European Holocaust Research Infrastructure (EHRI): The Museum expanded its partnership with the collaborative research network through staff participation in EHRI seminars, workshops, and fellowships, by hosting EHRI fellows, and by contributing data and expertise to the EHRI online portal.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

#### Accomplishments

- Led the 2017 *Days of Remembrance* annual commemoration and national outreach effort.
- Launched the revitalization of the Permanent Exhibition.

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	Performance Status (target met or work on-going)
Increase the visibility, impact and productivity of the field of Holocaust studies in the U.S. and abroad.	Increase publications, awards, and jobs won/promotions earned by Mandel Center staff and alumni	27 publications**	14 publications	41 publications	30 publications	Met
		3 awards**	5 awards	6 awards	23 awards	Met and on-going
		7 promotions**	9 promotions	5 promotions	13 promotions	Met and on-going
	Increase applications for program offerings that focus on research and university teaching quality applicants from three areas = geographic, discipline, gender and and/or proposing new and underexplored topics	62% domestic applicants; 38% foreign applicants^	44% domestic applicants; 56% foreign applicants	38% domestic applicants; 62% foreign applicants	68% domestic applicants; 32% foreign applicants	Met
		45% history applicants; 55% non-history applicants^	53% history applicants; 47% non-history applicants	49% history applicants; 51% non-history applicants	39% history applicants; 61% non-history applicants	Met
		37% male applicants; 63% female applicants	40% male applicants; 60% female applicants	46% male applicants; 54% female applicants	46% male applicants; 54% female applicants	Met
		270 new and underexplored topics	330 new and underexplored topics	293 new and underexplored topics	290 new and underexplored topics	Met

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	Performance Status <i>(target met or work on-going)</i>
	Maintain consistent record of scholarly activity (relationships with scholars and institutions) in new and underexplored topics	11 cooperative programs 9 cost-sharing agreements	11 cooperative programs 1 cost-sharing agreement	22 cooperative programs or publications 4 cost-sharing agreements 2 third location institutional developments 18 discussions for future cooperative efforts	18 cooperative programs 10 cost-sharing agreements	Met
	Ensure scholarly activity (relationships with scholars and institutions) in crucial geographic areas	12 cooperative programs 9 cost-sharing agreement 8 discussion for future cooperative efforts	1 cooperative program	3 cooperative programs 5 cost-sharing agreements 18 discussions for future cooperative efforts	4 cooperative programs 2 cost-sharing agreements	Met

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	Performance Status (target met or work on-going)
	Track acquisitions of archival collections in new and underexplored topic areas	75 collections	100 collections <sup>†</sup>	68 collections	76 collections	Met

\* Reported as of September 25, 2017 unless otherwise noted.

\*\* The Mandel Center is focused on building the field of Holocaust studies and recognizes that this ambitious goal will take time. These indicators of success reflect this long-term goal, and fluctuations mirror the ongoing challenges of our work and the changing external environment.

<sup>^</sup> The Mandel Center is striving for a roughly even balance.

<sup>†</sup> This was a reporting error. Reported as 7 collections last year, but the Mandel Center acquired 100 collections in 2016.

Holocaust awareness and education rests on scholarly research and inquiry. The Mandel Center is the leading generator of new knowledge and understanding of the many questions it presents about human nature and societies. Holocaust studies is a relatively new academic field that lacks the organizational infrastructure to sustain it and build it in the decades ahead. By working with partner institutions and producing publications and programs, the Mandel Center actively supports researchers and faculty worldwide, especially young scholars, in order to create the next generation of professors, authors and researchers who will ensure the continued growth and vitality of Holocaust studies.

In FY 2017, the Mandel Center sponsored 41 fellowships-in-residence, hosted three endowed lectures by leading Holocaust scholars, organized three seminars for university teaching faculty, and held three international research workshops on underexplored topics. It also continued to build infrastructure for the field and to strengthen its relationships with European centers for Holocaust studies. In partnership with Ukrainian Center for Holocaust Studies and the Taras Shevchenko National University of Kyiv, the Mandel Center organized a second summer school for university faculty and doctoral students entitled, Holocaust History and Memory in Ukraine (3-13 July 2017, Kyiv). This interdisciplinary program serves as an important academic platform for professional network building, discussion of research, and teaching methods. 17 participants from all across of Ukraine participated in the program. Representing high educational institutions from Kharkiv, L'viv, Kryvyj Rig, Kherson, Zaporizhzhia, Uzhgorod, Mariupol, and Kyiv. In conjunction with Poland's Institute of National Remembrance (IPN), the Germany-based International Tracing Service (ITS), and the

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### **STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)**

POLIN Museum of the History of Polish Jews, the Mandel Center organized a September 2017 research workshop for Polish and east European scholars in Warsaw. The program offered participants the opportunity to learn from staff of the co-hosting organizations, to become familiar with their scholarly resources, and to conduct research in the holdings of the ITS Digital Archive and other resources available at the IPN and POLIN.

The Mandel Center's publication program continued to disseminate the latest scholarship in the field. In FY 2017, it published volume seven in the Jewish Studies Source Initiative series, *Jewish Responses to Persecution, 1933-1945*. This text for students combines a carefully curated selection of primary sources together with basic background information to illuminate key aspects of Jewish life during the Holocaust.

The Mandel Center's International Archival Program Division continued its work in 58 countries to rescue the evidence and help build the collection of record at the Museum. The acquired material stimulates research and serves scholarly research and inquiry. A major collection acquired by IAPD in FY17 was that of the Argentine Ministry of Foreign Relations. As was widely reported in the U.S. and Argentine media, over the summer, the Museum received the final tranche of digital scans from the Segunda Guerra Mundial collection. These holdings, the first batch of which was received by the Museum in 2015, comprise over 75,000 digital scans of official letters, telegrams, newspaper articles, reports, and other documentation produced by the Ministry's political division and Argentine consulates in Europe between 1939 and 1950. They include documents on immigration matters such as Jewish applications for emigration to Argentina, Argentina's relationship with Nazi Germany, and political reports on the situation in Nazi Germany as well as in the occupied countries. This collection is particularly key to implementation of the Mandel Center's Europe and Global Strategies, designed to ensure Holocaust research and education is established and remains robust on university campuses and Holocaust-related institutions abroad.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status <i>(target met or work on-going)</i>
Ensure that learning how and why the Holocaust happened is an important component of the education of American citizens and professions responsible for life and liberty and that it strengthens critical thinking about their role in society.	Increase the number of in-person visitors educated about how and why the Holocaust happened	1,597,372 <sup>++</sup>	1,615,333 <sup>++</sup>	1,626,674 <sup>++</sup>	1,477,207 <sup>++</sup>	1,554,222 <sup>++</sup>	Met
	Increase the number of digital visitors educated about how and why the Holocaust happened	19.7 million	17.6 million	15.0 million	13.1 million	11.7 million	Met
	Increase the number of educators trained to teach about how and why the Holocaust happened	671 <sup>†</sup>	945	921	839	N/A	Met

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status <i>(target met or work on-going)</i>
	Increase the number of professionals responsible for life and liberty trained about how and why the Holocaust happened	8,051 <sup>++</sup>	11,059	12,615	9,332	N/A	Met and on-going
	Increase the number of youth leaders educated about how and why the Holocaust happened	5,989 <sup>s</sup>	2,678	3,526	3,237	N/A	Met and on-going
	Increase the number of target audiences validating our models and/or approaches	20 validations 23 sustained validations**	29 validations 9 sustained validations*	57 validations 37 sustained validations	59 validations 49 sustained validations	N/A	Met and on-going
	Increase the number of target audiences** adopting our models and/or approaches	4 adoptions 68 sustained adoptions <sup>^</sup>	5 adoptions 76 sustained adoptions <sup>^</sup>	25 adoptions 79 sustained adoptions	42 adoptions 37 sustained adoptions	N/A	Met and on-going

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status (target met or work on-going)
Raise the level of Holocaust discourse and the legitimacy of the Holocaust in countries of influence where there is rising antisemitism and denial.	Increase traffic to Museum web content and social media in Farsi, Arabic, and Turkish	642,470 <sup>  </sup>	249,339 <sup>+</sup>	275,000	246,000	N/A	Met and on-going

\* Reported as of September 18, 2017 unless otherwise noted.

\*\*Validation: Target audiences confirm the usefulness of Museum programs or resources for learning about how and why the Holocaust happened.

Sustained Validation: Target audiences confirm the useful of Museum programs and resources over the course of two or more interactions.

^ Adoption: Target audiences report that they have incorporated Museum programs or resources into their curriculum.

Sustained Adoption: Target audiences continue to report the incorporation of Museum programs and resources into their curriculum over the course of two or more interactions.

+ Reported as of March 2016.

++Reported as of September 30, 2017.

‡ Modifications to the program resulted in more targeted outreach to fewer number of educators.

§ The increased numbers are a result of a new partnership with D.C. Public Schools as referenced in the narrative.

|| The increased number is related to user experience research and changes to our website as well as new storytelling approaches on social media, IG in particular, and medium for long form storytelling.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### **STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)**

The Museum is the global leader in creating greater awareness of the Holocaust and its lessons in a complex world by teaching why the Holocaust happened--and was allowed to happen. Through exhibitions, educational resources, digital outreach and programs for students, teachers, and leaders, the goal of the William Levine Family Institute is to develop new approaches to Holocaust education that deepen understanding of the learners' roles in society, help them to develop critical thinking, and lead to changes in their attitudes and ultimately behavior.

A fundamental strategy employed by the Levine Institute is telling the history of the Holocaust and its lessons through compelling and thought-provoking exhibitions and digital platforms. We often employ a thematic approach when doing this and currently have several thematic initiatives. Our thematic approaches to the history are designed to appeal to new and diverse audiences as well as to stimulate discussion about how and why the Holocaust happened and its implications.

This fiscal year, much of our emphasis focused on our "Americans and the Holocaust" thematic initiative. In May 2018, the Museum will open a new special exhibition focused on this theme. In addition to the special exhibition, work is progressing on a digital version of the exhibition, the creation of a major documentary film, the writing of a popular press book, the creation of a traveling version to be hosted at libraries around the country, and the continuation of "History Unfolded," an innovative, nationwide crowdsourcing project that invites students, teachers, and others to research the newspapers of their community in the 1930s and 1940s and then contribute to ongoing research on how pivotal events from the Holocaust period were first reported in their hometown papers.

Our thematic initiative on propaganda continues both nationally and internationally. The Museum continues to display our travelling exhibition "State of Deception: The Power of Nazi Propaganda" around the country. This January for International Holocaust Remembrance Day the exhibition was displayed in the headquarters of the United Nations in New York City and a French-language version opened that same week at the city hall in Paris. We also worked with the United Nations to create a poster version (in multiple languages) of the exhibition which they sent to their 63 information centers around the world for display there. In the past year, the State of Deception exhibition was a centerpiece for our international work and played a critical role in helping us engage new partners around our Initiative on Holocaust Denial and Antisemitism.

Resource creation and distribution continues to enhance the work of the Levine Institute. Several new digital resources were created and tested for use in the college and high school classrooms. The Holocaust Encyclopedia (with over 14 million unique visits per year) began a much-needed technical and content overhaul increasing ease of use and readability.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### **STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)**

We continue to reach the leaders in the fields of law enforcement, the military, and the judiciary through our targeted leadership programs for those audiences. Partnering with the FBI, the military academies, and the Federal Judicial Courts, to name only a few, allows us to reach new leaders and emerging leaders within their organizations. This year we also partnered with District of Columbia Public Schools to bring every 10th grade student to the Museum for a tour and program.

In FY17 the Museum launched the revitalization its Permanent Exhibition, a 5-7 year project now in the planning phase. The past year included an intensive period of internal and external consultations with stakeholders and experts, an assessment of major areas of new research, planning for a comprehensive visitor study, and site visits, among other activities.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Priority Outcome	Indicator	FY17 Actual*	FY16 Actual	FY15 Actual	FY14 Actual	FY13 Actual	Performance Status <i>(target met or work on-going)</i>
Ensure that the United States government, other governments and multilateral organizations have institutionalized structures, tools and policies to effectively prevent and respond to genocide and other mass atrocities.	Record “touches” of senior officials participating in our meetings and programs	50**	85	38	98	225	Met
	Track GPTF and R2P recommendations being implemented	In mid-May, the Senate introduced the Elie Wiesel Genocide and Atrocity Prevention Act of 2017, to strengthen the U.S. government’s capacity, resources and structures to prevent genocide and mass atrocities and to ensure this remains a U.S. foreign policy priority. In June 2017, the House introduced a mirror of the Senate bill, marking the first time a stand-alone House bill focused on structural issues related to atrocity prevention. The provisions include ones for early warning, funding, and creation of an Atrocity Prevention Task Force led by the State Department.					Met
	Our work cited by U.S. Gov’t offices and officials	See reference above, which is evidence of our work being implemented and cited by various Congressional offices.					Met
	Our work cited by media	Syrian human rights activist, Mansour al Omari, who was arrested and detained for over a year in one of Assad’s secret prisons. Mansour managed to record and smuggle out the names of his fellow prisoners, written in blood and rust on scraps of cloth. Mansour’s cloths are on loan to the Museum, where they are being prepared to go on exhibit in the Wexner Center. This visit was reported on by the <a href="#">New York Times</a> , <a href="#">NPR</a> , and the <a href="#">Associated Press</a> .					Met

\* Reported as of September 1, 2017 unless otherwise noted.

\*\* Tracked from January 2017 through September 1, 2017.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### **STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)**

In an interconnected, rapidly changing world, atrocities fuel instability, refugee flows, and terrorism, making genocide prevention a matter of national and international interest. The long-term goal of the Simon-Skjodt Center for the Prevention of Genocide (Simon-Skjodt Center) is to ensure that the United States government, other governments, and multilateral organizations have institutionalized structures, tools, and policies to effectively prevent and respond to genocide and other mass atrocities. Never before has an organization with the international stature and assets of the Museum devoted itself to the goal of genocide prevention.

Ensuring a better future requires innovative strategies—initiatives that leverage new technologies and tools, forge new partnerships, nurture bold ideas, and boost the global public’s commitment to action. In order to realize these ambitious goals, the Simon-Skjodt Center has undertaken the following pioneering and groundbreaking initiatives:

- A robust, targeted outreach initiative to policymakers and opinion-shapers to strengthen governments’ will and capacity to prevent genocide.
- A rigorous risk assessment system for identifying countries at risk of genocide and other forms of mass killing—and a plan for ensuring these assessments are widely distributed in the public and among policy makers.
- A world-class research program on the causes of genocide and how to prevent it, and a fellowship program designed to incubate new ideas and build a new generation of leaders in the field of genocide prevention.
- A new international justice and accountability initiative to redress and deter atrocity crimes by strengthening international justice.
- A new outreach effort for the public, utilizing primarily digital media, to enhance understanding of genocide, current threats, and the value of their engagement.

During the past year, the Museum and the Simon-Skjodt Center have continued to shine a light on mass atrocities in Iraq and Syria, whether perpetrated by the self-proclaimed Islamic State (IS) or the regime of Bashar al-Assad. Our work builds on travel to the region undertaken by Simon-Skjodt Center staff in 2015 and 2016. Our on-the-ground perspective gained from these missions continues to inform our efforts to highlight, for policymakers and the public, the suffering of the local populations and the opportunities to prevent additional mass violence.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

In the Museum's Wexner Center, where the Simon-Skjoldt Center's exhibits bring contemporary genocide and mass atrocities to visitors, Syria - and the Assad regime's crimes - have been a major focus. The centerpiece of our current exhibit, *Genocide: The Threat Continues*, are three films that bring to life the conflict in all its complexity. The first shares the heroic rescue work of the White Helmets in Syria. The second features photos that a former Syrian military photographer ("Caesar", a previous program partner of the Simon-Skjoldt Center) smuggled out of the country to provide evidence of the government's crimes against its own people. The third tells the story of one Syrian refugee, through a virtual reality film, who left the Zaatari camp in Jordan in the hope of establishing a new life with his young son in the capital city of Amman.

Recognizing that the genocidal crimes of IS in Northern Iraq and the war crimes of Syria's Assad regime can have a numbing effect on a public besieged with these stories, we asked ourselves how we can help visitors better understand the *human consequences* of these events. Our response was *The Portal, A Real Time Conversation with People Forced to Flee Violence*. This immersive, audio-visual experience connects visitors in real time to the exhibit with victims of the Syrian and Iraqi conflicts. It consists of a video screen large enough for participants to see each other in full scale. Through this device, visitors were offered 20-minute sessions speaking face-to-face with people who fled the Assad regime in Syria or IS-held territory in Iraq and were now living in an Iraqi displaced persons camp and a resettlement site in Berlin.

Thousands visited the Portal when it was in place from December 2016 to March 2017. The exhibit's guestbook, filled with heartfelt reflections, was evidence that the Portal was helping us achieve one of our fundamental aims: humanizing these conflicts. Visitors left with a new understanding that the victims of mass violence are not just numbers; they are individuals, each with a story of survival.

In recent years, we have devoted more time and energy to creating trailblazing exhibits like the Portal and, as a result, Wexner Center visitation has been climbing. This year, we welcomed close to 340,000 people to this special exhibition space.

In another effort to put a "human face" on the violence in Syria, this August the Museum hosted a visit by a Syrian human rights activist, Mansour al Omari, who was arrested and detained for over a year in one of Assad's secret prisons. Crammed into a small cell with 50 other men, beaten daily, and nearly starved, Mansour managed to record and smuggle out the names of his fellow prisoners, written in blood and rust on scraps of cloth. Mansour's cloths are on loan to the Museum, where they are being prepared to go on exhibit in the Wexner Center. This visit was reported on by the [New York Times](#), [NPR](#), and the [Associated Press](#).

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

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### STRATEGIC OBJECTIVE: Expand and Diversify our Audiences (Global, Digital Engagement)

Mansour's story is one of several featured in the documentary, *Syria's Disappeared: the Case Against Assad*, which the Museum screened in May in partnership with the British Embassy. The film juxtaposes the horrors of the Syrian detention system with the stories of individual victims and their hopes for justice. A panel discussion that followed, moderated by Ambassador Stephen Rapp, Simon-Skjoldt Center Fellow and U.S. Ambassador at Large for War Crimes can be viewed here -- <https://www.youtube.com/watch?v=zpkEKOgV2Wg> --. The Museum is planning additional screenings in the fall in New York and Chicago.

# United States Holocaust Memorial Museum

## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Secure the Future of the Museum (Campaign)

Priority Outcome	Indicator	FY17 Actual	FY16 Actual	FY15 Actual	Performance Status <i>(target met or work on-going)</i>
Undertake fundraising efforts to fulfill the strategic plan and integrate fundraising plans with programmatic priorities.	Raise \$43.2 million for the annual fund and \$5.8 million for the endowments, for a combined total of \$49.0 million	\$53.1 million for the annual fund and \$31.9 million for the endowments, for a combined total of \$85.0 million	\$69.5 million for the annual fund and \$12.8 million for the endowments, for a combined total of \$82.3 million	\$59.1 million for the annual fund and \$43.2 million for the endowments, for a combined total of \$102.3 million	Exceeded
Pursue continuous improvement and excellence in financial and human capital management, information technology support, and Museum management and governance.	Continue to develop mobile Web platforms for content delivery in the Museum space and to constituents worldwide	Developed multiple new web pages and deployed content that is easily readable on smartphones and tablets	Developed multiple new web pages and deployed content that is easily readable on smartphones and tablets	N/A	Met
	Enhance performance of the data center, storage, and server infrastructure through server/storage platform virtualization	Completed Cloud migration plan and began developing Cloud security hierarchy	Completed analysis of Cloud vendors and prepare migration plan	N/A	Met and ongoing

# United States Holocaust Memorial Museum

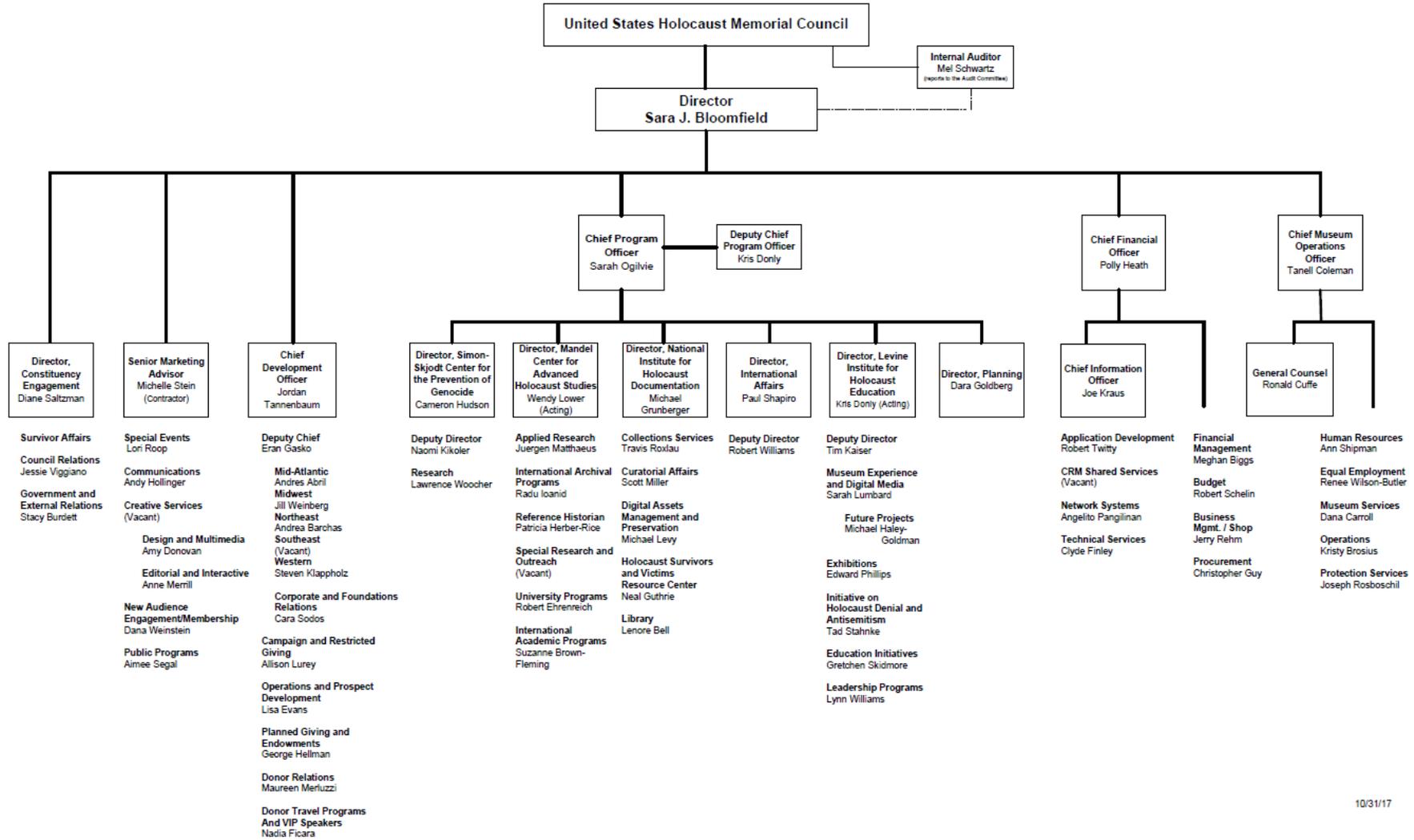
## Government Performance and Results Act Annual Performance Plan - FY 2017

### STRATEGIC OBJECTIVE: Secure the Future of the Museum (Campaign)

Priority Outcome	Indicator	FY17 Actual	FY16 Actual	FY15 Actual	Performance Status <i>(target met or work on-going)</i>
	Develop design for exhibition hardware replacement as funding becomes available	Completed the migration of the legacy hardware functions to new equipment	Migrated 50% of the legacy hardware functions to new equipment	N/A	Met
	Improve security around the information assets of the Museum	Continued significant progress on mitigating information security risks	Significant progress made in mitigating information security risks	N/A	Met and ongoing

# United States Holocaust Memorial Museum

## Museum Organization Chart



10/31/17

# United States Holocaust Memorial Museum

## Message from the Chief Financial Officer

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November 14, 2017

I am pleased to present the United States Holocaust Memorial Museum's Fiscal Year 2017 *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, 2017. 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 2017. 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.



Polly Povejsil Heath  
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, 2017, 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. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 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.



### *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, 2017, 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 Schedule of Budgetary Resources - Appropriated Funds, Schedule of Net Cost - Appropriated Funds, Schedule of Changes in Net Position - Appropriated Funds and Schedule Reconciling Net Cost of Operations to Budget - Appropriated Funds for the years ended September 30, 2017 and 2016, and Schedule of Claims Conference Payments for the year ended September 30, 2017, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

#### *Report on Summarized Comparative Information*

We have previously audited the Museum's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 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, 2017, 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.

November 14, 2017

BDO USA, LLP

## Financial Statements

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**United States Holocaust Memorial Museum**  
**Statement of Financial Position**  
**As of September 30, 2017**  
**(with summarized information as of September 30, 2016)**

	Nonappropriated Funds	Appropriated Funds	2017 Total	2016 Total
<b>Assets:</b>				
Cash and fund balance with Treasury	\$ 8,039,315	\$ 25,329,044	\$ 33,368,359	\$ 25,498,428
Short-term investments	8,120	-	8,120	9,257
Contributions receivable, net	70,978,998	-	70,978,998	60,555,014
Other assets	1,635,798	204,119	1,839,917	1,803,160
Long-term investments	424,558,178	-	424,558,178	360,496,243
Property and equipment, net	102,700,698	15,157,310	117,858,008	103,163,977
Collections	-	-	-	-
<b>Total assets</b>	<b>\$ 607,921,107</b>	<b>\$ 40,690,473</b>	<b>\$ 648,611,580</b>	<b>\$ 551,526,079</b>
<b>Liabilities and net assets</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 8,083,844	\$ 5,079,566	\$ 13,163,410	\$ 12,737,364
Charitable gift annuity liability	12,787,701	-	12,787,701	12,507,032
Unexpended appropriations	-	21,740,168	21,740,168	17,346,999
Interest rate swap	232,696	-	232,696	1,202,185
Term loan	35,145,216	-	35,145,216	22,443,923
<b>Total liabilities</b>	<b>56,249,457</b>	<b>26,819,734</b>	<b>83,069,191</b>	<b>66,237,503</b>
<b>Net assets:</b>				
Unrestricted:				
Federal cumulative results of operations	-	13,870,739	13,870,739	11,873,273
Programming and supporting activities	65,615,151	-	65,615,151	62,332,010
Funds functioning as endowment	84,216,943	-	84,216,943	71,912,411
<b>Total unrestricted</b>	<b>149,832,094</b>	<b>13,870,739</b>	<b>163,702,833</b>	<b>146,117,694</b>
Temporarily restricted	117,927,720	-	117,927,720	105,229,498
Permanently restricted	283,911,836	-	283,911,836	233,941,384
<b>Total net assets</b>	<b>551,671,650</b>	<b>13,870,739</b>	<b>565,542,389</b>	<b>485,288,576</b>
<b>Commitments and contingencies</b>				
<b>Total liabilities and net assets</b>	<b>\$ 607,921,107</b>	<b>\$ 40,690,473</b>	<b>\$ 648,611,580</b>	<b>\$ 551,526,079</b>

*See accompanying notes to financial statements.*

**United States Holocaust Memorial Museum**  
**Statement of Activities**  
**Year Ended September 30, 2017**  
(with summarized information for the year ended September 30, 2016)

	Nonappropriated Funds	Appropriated Funds	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
<b>Support and revenues:</b>							
Federal appropriation revenue	\$ -	\$ 52,377,634	\$ 52,377,634	\$ -	\$ -	\$ 52,377,634	\$ 52,901,158
Contributions	23,158,953	-	23,158,953	21,309,261	37,666,758	82,134,972	75,521,459
Membership revenue	11,041,936	-	11,041,936	-	-	11,041,936	10,501,488
Stein Museum Shop	2,166,905	-	2,166,905	-	-	2,166,905	1,971,424
Investment income, net	28,193,070	-	28,193,070	4,346,556	12,303,694	44,843,320	23,388,597
Contributed services	181,133	-	181,133	-	-	181,133	2,360
Imputed financing source	-	956,779	956,779	-	-	956,779	1,142,830
Other	338,149	-	338,149	-	-	338,149	307,667
Net assets released from restrictions:							
Expiration of time restrictions	369,614	-	369,614	(369,614)	-	-	-
Satisfaction of program restrictions	12,587,981	-	12,587,981	(12,587,981)	-	-	-
<b>Total support and revenues</b>	<b>78,037,741</b>	<b>53,334,413</b>	<b>131,372,154</b>	<b>12,698,222</b>	<b>49,970,452</b>	<b>194,040,828</b>	<b>165,736,983</b>
<b>Expenses:</b>							
Program services							
Museum operations	4,115,707	26,596,037	30,711,744	-	-	30,711,744	31,488,623
Mandel Ctr for Advanced Holocaust Studies	5,984,389	2,709,019	8,693,408	-	-	8,693,408	8,787,090
Levine Institute for Holocaust Education	9,026,899	3,886,103	12,913,002	-	-	12,913,002	13,458,840
National Institute for Holocaust Documentation	4,824,192	6,020,908	10,845,100	-	-	10,845,100	12,940,887
Simon-Skjodt Ctr for the Prevention of Genocide	2,187,477	-	2,187,477	-	-	2,187,477	2,162,704
Marketing	6,710,886	613,657	7,324,543	-	-	7,324,543	7,306,180
Stein Museum Shop	1,897,674	-	1,897,674	-	-	1,897,674	1,731,879
Other outreach programs	4,013,780	1,774,003	5,787,783	-	-	5,787,783	4,203,225
<b>Total program services</b>	<b>38,761,004</b>	<b>41,599,727</b>	<b>80,360,731</b>	<b>-</b>	<b>-</b>	<b>80,360,731</b>	<b>82,079,428</b>
Supporting services							
Management and general	6,223,654	4,938,634	11,162,288	-	-	11,162,288	11,196,237
Technology	1,989,354	4,798,586	6,787,940	-	-	6,787,940	7,899,602
Membership development	5,261,187	-	5,261,187	-	-	5,261,187	5,180,612
Fundraising	10,214,869	-	10,214,869	-	-	10,214,869	10,174,969
<b>Total supporting services</b>	<b>23,689,064</b>	<b>9,737,220</b>	<b>33,426,284</b>	<b>-</b>	<b>-</b>	<b>33,426,284</b>	<b>34,451,420</b>
<b>Total expenses</b>	<b>62,450,068</b>	<b>51,336,947</b>	<b>113,787,015</b>	<b>-</b>	<b>-</b>	<b>113,787,015</b>	<b>116,530,848</b>
<b>Change in net assets</b>	<b>15,587,673</b>	<b>1,997,466</b>	<b>17,585,139</b>	<b>12,698,222</b>	<b>49,970,452</b>	<b>80,253,813</b>	<b>49,206,135</b>
<b>Net assets - beginning of year</b>	<b>134,244,421</b>	<b>11,873,273</b>	<b>146,117,694</b>	<b>105,229,498</b>	<b>233,941,384</b>	<b>485,288,576</b>	<b>436,082,441</b>
<b>Net assets - end of year</b>	<b>\$ 149,832,094</b>	<b>\$ 13,870,739</b>	<b>\$163,702,833</b>	<b>\$117,927,720</b>	<b>\$283,911,836</b>	<b>\$565,542,389</b>	<b>\$ 485,288,576</b>

*See accompanying notes to financial statements.*

**United States Holocaust Memorial Museum**  
**Statement of Cash Flows**  
**Year Ended September 30, 2017**  
**(with summarized information for the year ended September 30, 2016)**

	Nonappropriated Funds	Appropriated Funds	2017 Total	2016 Total
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>				
Change in net assets	\$ 78,256,347	\$ 1,997,466	\$ 80,253,813	\$ 49,206,135
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Museum depreciation	3,210,388	1,158,041	4,368,429	3,922,143
Equipment depreciation	211,121	1,064,902	1,276,023	883,872
Exhibit amortization	901,578	327,289	1,228,867	1,849,460
Realized/unrealized gains on investments	(38,951,279)	-	(38,951,279)	(17,002,402)
(Recovery of) provision for uncollectable accounts	(325,573)	-	(325,573)	358,681
Change in discount to present value of contributions receivable	(6,402,680)	-	(6,402,680)	(2,202,776)
Contributions of permanently restricted net assets received as endowment	(26,205,538)	-	(26,205,538)	(20,217,044)
Interest rate swap	(969,489)	-	(969,489)	895,735
Changes in assets and liabilities:				
Decrease (increase) in:				
Contributions receivable	(3,695,731)	-	(3,695,731)	(7,021,100)
Other assets	(62,149)	25,392	(36,757)	(274,051)
Increase (decrease) in:				
Accounts payable and accrued expenses	1,016,375	(590,329)	426,046	2,390,903
Charitable gift annuity liability	280,669	-	280,669	1,047,694
Unexpended appropriations	-	4,393,169	4,393,169	771,831
<b>Net cash provided by operating activities</b>	<b>7,264,039</b>	<b>8,375,930</b>	<b>15,639,969</b>	<b>14,609,081</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(17,007,940)	(4,559,410)	(21,567,350)	(31,180,576)
Purchases of investments	(74,278,338)	-	(74,278,338)	(98,901,501)
Proceeds from sale of investments	49,168,819	-	49,168,819	74,560,591
<b>Net cash used in investing activities</b>	<b>(42,117,459)</b>	<b>(4,559,410)</b>	<b>(46,676,869)</b>	<b>(55,521,486)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from term loan	12,701,293	-	12,701,293	22,443,923
Permanently restricted contributions	26,205,538	-	26,205,538	20,217,044
<b>Net cash provided by financing activities</b>	<b>38,906,831</b>	<b>-</b>	<b>38,906,831</b>	<b>42,660,967</b>
<b>Net increase in cash and fund balance with Treasury</b>	<b>4,053,411</b>	<b>3,816,520</b>	<b>7,869,931</b>	<b>1,748,562</b>
<b>Cash and fund balance with Treasury - beginning of year</b>	<b>3,985,904</b>	<b>21,512,524</b>	<b>25,498,428</b>	<b>23,749,866</b>
<b>Cash and fund balance with Treasury - end of year</b>	<b>\$ 8,039,315</b>	<b>\$ 25,329,044</b>	<b>\$ 33,368,359</b>	<b>\$ 25,498,428</b>
<b>Supplemental data:</b>				
Gifts of securities	\$ 4,737,101	\$ -	\$ 4,737,101	\$ 14,893,537
Cash paid for interest	\$ 594,676	\$ -	\$ 594,676	\$ 60,656

*See accompanying notes to financial statements.*

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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## 1. Organization and Purpose

### *Organization and Governance*

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

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

The Museum receives an annual Federal appropriation (see Appropriated Funds - note 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.

Under Financial Accounting Standards Board (FASB), *Accounting for Uncertainty in Income Taxes* Accounting Standards Codification (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 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 2014. For the years ended September 30, 2017 and 2016, 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, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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## 2. Summary of Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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, 2016, from which the summarized information was derived.

### *Significant Accounting Policies*

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, 2017 and 2016. 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.

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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Approximately 64% and 65% of the Museum's gross contributions receivable as of September 30, 2017 and 2016, respectively, are due from three grantors. The Museum believes the credit risk is mitigated based on a long history with the grantors and management's ongoing considerations around collectability of its receivables. The credit risk with respect to the remaining contributions receivable is considered limited due to the large donor base.

*(d) Split-Interest Agreements - Charitable Gift Annuities and Interests in Perpetual Trusts*

For gifts that establish charitable gift annuities, the contributed 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 trusts' 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 Stein Museum Shop). The Stein Museum Shop sells Holocaust-related educational materials, such as books and DVDs, to the public. The Stein Museum Shop's inventory was \$374,878 and \$400,626 as of September 30, 2017 and 2016, respectively, and is valued at the lower of cost or market using the first-in, first-out inventory valuation method.

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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*(g) Property and Equipment*

The Museum opened to the public on April 26, 1993. All costs associated with the construction of the Museum, including payments to construction contractors, architect's fees, excavation costs, direct materials and labor, Museum construction management, and interest were capitalized. All interest incurred on borrowed funds through April 26, 1993, was capitalized because the funds were specifically borrowed for the construction of the Museum. On April 26, 1993, depreciation on the Museum commenced and is computed on the straight-line basis over 40 years.

The 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.

In April 2017, the Museum opened the David and Fela Shapell Family Collections, Conservation and Research Center (the Shapell Center) to serve as the repository for the collections and future site of scholarly activities. All costs associated with the construction of the Shapell Center, including payments to construction contractors, architect's fees, excavation costs, direct materials and labor, and construction management were capitalized. On May 1, 2017, depreciation on the Shapell Center commenced and is computed on the straight-line basis using the estimated useful life based on the asset type.

Renovations and improvements are recorded, and depreciated and/or amortized, on a straight-line basis over 10 years.

Museum 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.

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.

*(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 to its current fair value by a charge to the statement of activities.

*(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.

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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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.

*(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.

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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*(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.

*(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.

The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Supporting services refer to general administrative, technology, membership development and fundraising expenses of operating the Museum.

*(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

**United States Holocaust Memorial Museum**  
**Notes to Financial Statements**  
**As of and for the Year Ended September 30, 2017**  
**(with comparative information for the year ended September 30, 2016)**

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present value of discounted cash flows using a current risk free rate. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates.

The Museum applies fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming the transaction occurs in the entity's principal (or most advantageous) market.

The Museum'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.

For interest rate swap, management reviews and relies on the counterparty valuation method.

#### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective dates of ASU 2014-09 until annual periods beginning after December 15, 2018 for the majority of nonprofit organizations. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. The ASU simplifies Topic 820 by removing the requirement to categorize, within the fair value hierarchy, all investments measured using the NAV per share practical expedient. Although classification within the fair value hierarchy is no longer required, an entity must disclose the amount of investments measured using the net asset value practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the corresponding line items in the statement of financial position. The amendments are effective retrospectively for fiscal years beginning after December 15, 2016 and may be early adopted. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330)*. The ASU currently requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The

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amendments in this update require an entity to measure inventory currently being carried at first in, first out (FIFO) or average cost at lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory measured using last-in, first-out (LIFO) or the retail inventory method. The ASU is effective for fiscal years beginning after December 15, 2016. The amendments in the ASU should be applied prospectively with early application permitted. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments Overall (Subtopic 825-10)*. The provisions of this ASU address certain aspects of recognition, measurement, presentation, and the disclosure of financial instruments. The main impact on nonprofit organizations will be the removal of the disclosures related to the fair value of financial instruments at amortized cost. The provisions of the ASU are effective for fiscal years beginning after December 15, 2018. Early adoption may be selected for fiscal years beginning after December 15, 2017. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The standard also requires lessors to treat a lease as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for the Museum for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Museum's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

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In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)*. This ASU was issued to address the diversity in practice with regard to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU addresses the following eight types of cash flow issues: (1) debt prepayment or debt extinguishment costs, (2) settlement of zero-coupon debt, (3) contingent consideration related to a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from settlement of corporate-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) classification of cash receipts and payments that have aspects of more than one class of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted but the entity must adopt all the amendments at that date. The amendments in this ASU should be applied using a retrospective transition method to each period presented. If it is impracticable to do so for certain of these items, the amendments for those issues would be applied prospectively as of the earliest date practicable. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*. This ASU was issued to address diversity in practice with regard to the classification and presentation of changes in restricted cash on the statement of cash flows. The provisions of the ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. To meet this requirement amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied on a retrospective transition method to each period presented. Management of the Museum is currently assessing the impact the adoption of this ASU will have on the financial statements.

### 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:

	2017	2016
Status of fund balance with Treasury:		
Unobligated balance:		
Available	\$ 9,086,218	\$ 5,592,814
Unavailable	218,843	384,391
Obligated not yet disbursed	16,023,983	15,535,319
<b>Total appropriated fund balance with Treasury</b>	<b>\$ 25,329,044</b>	<b>\$ 21,512,524</b>

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**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, 2017 and 2016, are donated stock with balances of \$8,120 and \$9,257, respectively.

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

	2017	2016
Investments:		
Portfolio cash equivalents	\$ 38,585,601	\$ 28,643,653
U.S. large cap equities	109,249,581	91,488,276
U.S. small to mid-cap equities	18,492,719	22,717,117
International markets equities	35,482,294	24,909,480
Emerging markets equities	17,581,963	10,882,943
Fixed income mutual funds	30,181,049	28,760,053
Multi-strategy mutual funds	33,168,833	30,831,892
High yield corporate bond funds	12,509,941	11,614,931
Bank loan fund	13,922,184	13,006,401
Equity long/short hedge funds	19,312,119	18,398,141
Private equity - secondary	4,092,921	864,531
Event driven hedge funds	64,544,194	53,938,631
Multi-strategy hedge funds	620,000	648,685
State of Israel bonds	165,982	181,511
Gift annuity program investments:		
Portfolio cash equivalents	524,454	215,200
Domestic equities and fixed income	26,124,343	23,394,798
<b>Total</b>	<b>\$ 424,558,178</b>	<b>\$ 360,496,243</b>

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

	2017	2016
Interest and dividends	\$ 6,951,702	\$ 7,518,735
Net realized and unrealized gains	38,951,279	17,002,402
Investment management fees	(1,059,661)	(1,132,540)
<b>Net investment income</b>	<b>\$ 44,843,320</b>	<b>\$ 23,388,597</b>

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As described in note 2, the Museum applies the fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities. This level generally includes cash, certain U.S. large cap equities, U.S. small to mid cap equities, fixed income mutual funds, multi-strategy mutual funds, high yield corporate bond funds, and State of Israel bonds that are traded in an active exchange market.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. This category generally includes holdings which cannot be liquidated daily including certain U.S. large cap equities, international markets equities, emerging markets equities, and domestic equities and fixed income.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This level generally includes global equities, multi-strategy mutual funds, 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.

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The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2017:

	Level 1	Level 2	Level 3	Total
Short-term investment:				
Donated stock	\$ 8,120	\$ -	\$ -	\$ 8,120
Short-term investment subtotal	8,120	-	-	8,120
Long-term investments:				
Portfolio cash equivalents	38,585,601	-	-	38,585,601
U.S. large cap equities	23,314,218	85,935,363	-	109,249,581
U.S. small to mid-cap equities	18,492,719	-	-	18,492,719
International markets equities	-	35,482,294	-	35,482,294
Emerging markets equities	4,993,174	12,588,789	-	17,581,963
Fixed income mutual funds	30,181,049	-	-	30,181,049
Multi-strategy mutual funds	22,634,186	-	10,534,647	33,168,833
High yield corporate bond funds	12,509,941	-	-	12,509,941
Bank loan fund	-	-	13,922,184	13,922,184
Equity long/short hedge funds	-	-	19,312,119	19,312,119
Private equity - secondary	-	-	4,092,921	4,092,921
Event driven hedge funds	-	13,981,692	50,562,502	64,544,194
Multi-strategy hedge funds	-	-	620,000	620,000
State of Israel bonds	165,982	-	-	165,982
Gifts annuity program investments:				
Portfolio cash equivalents	524,454	-	-	524,454
Domestic equities and fixed income	-	26,124,343	-	26,124,343
Long-term investments subtotal	151,401,324	174,112,481	99,044,373	424,558,178
Interest in charitable trusts - included in contributions receivable				
	-	-	560,328	560,328
Interest rate swap liability	-	(232,696)	-	(232,696)
<b>Total</b>	<b>\$151,401,324</b>	<b>\$173,879,785</b>	<b>\$ 99,604,701</b>	<b>\$424,885,810</b>

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The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2016:

	Level 1	Level 2	Level 3	Total
<b>Short-term investment:</b>				
Donated stock	\$ 9,257	\$ -	\$ -	\$ 9,257
<b>Short-term investment subtotal</b>	<b>9,257</b>	<b>-</b>	<b>-</b>	<b>9,257</b>
<b>Long-term investments:</b>				
Portfolio cash equivalents	28,643,653	-	-	28,643,653
U.S. large cap equities	19,571,464	71,916,812	-	91,488,276
U.S. small to mid-cap equities	22,717,117	-	-	22,717,117
International markets equities	-	24,909,480	-	24,909,480
Emerging markets equities	-	10,882,943	-	10,882,943
Fixed income mutual funds	28,760,053	-	-	28,760,053
Multi-strategy mutual funds	20,760,162	-	10,071,730	30,831,892
High yield corporate bond funds	11,614,931	-	-	11,614,931
Bank loan fund	-	-	13,006,401	13,006,401
Equity long/short hedge funds	-	-	18,398,141	18,398,141
Private equity - secondary	-	-	864,531	864,531
Event driven hedge funds	-	12,569,180	41,369,451	53,938,631
Multi-strategy hedge funds	-	-	648,685	648,685
State of Israel bonds	181,511	-	-	181,511
<b>Gifts annuity program investments:</b>				
Portfolio cash equivalents	215,200	-	-	215,200
Domestic equities and fixed income	-	23,394,798	-	23,394,798
<b>Long-term investments subtotal</b>	<b>132,464,091</b>	<b>143,673,213</b>	<b>84,358,939</b>	<b>360,496,243</b>
<b>Interest in charitable trusts - included in contributions receivable</b>				
	-	-	474,385	474,385
<b>Interest rate swap liability</b>	<b>-</b>	<b>(1,202,185)</b>	<b>-</b>	<b>(1,202,185)</b>
<b>Total</b>	<b>\$ 132,464,091</b>	<b>\$ 142,471,028</b>	<b>\$ 84,833,324</b>	<b>\$ 359,768,443</b>

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The following table presents the Museum's activity for Level 3 assets measured at fair value on a recurring basis for the year ended September 30, 2017:

	Beginning balance October 1, 2016	Dividend and interest income	Realized gains/ (losses)	Unrealized gains/ (losses)	Purchases/ Issuances*	Sales/ Settlements*	Ending balance September 30, 2017
Multi-strategy mutual funds	\$ 10,071,730	\$ -	\$ -	\$ 462,917	\$ -	\$ -	\$ 10,534,647
Bank loan fund	13,006,401	625,552	1,155	289,076	-	-	13,922,184
Equity long/short hedge funds	18,398,141	-	-	913,978	-	-	19,312,119
Private equity - secondary	864,531	789	-	1,177,791	2,474,908	(425,098)	4,092,921
Event driven hedge funds	41,369,451	1,632,391	8,131	3,916,928	4,000,000	(364,399)	50,562,502
Multi-strategy hedge funds	648,685	149	-	83,877	-	(112,711)	620,000
Interest in charitable trusts	474,385	-	-	85,943	-	-	560,328
<b>Total</b>	<b>\$ 84,833,324</b>	<b>\$ 2,258,881</b>	<b>\$ 9,286</b>	<b>\$ 6,930,510</b>	<b>\$ 6,474,908</b>	<b>\$ (902,208)</b>	<b>\$ 99,604,701</b>

\*Issuances amounted to \$2,474,908 during the year ended September 30, 2017, which pertains to an investment in a private equity secondary market. There were settlements of \$425,098 during the year ended September 30, 2017.

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, 2016:

	Beginning balance October 1, 2015	Dividend and interest income	Realized gains/ (losses)	Unrealized gains/ (losses)	Purchases/ Issuances*	Sales/ Settlements*	Ending balance September 30, 2016
Multi-strategy mutual funds	\$ 5,788,413	\$ -	\$ -	\$ (16,683)	\$ 4,300,000	\$ -	\$ 10,071,730
Bank loan fund	11,145,960	628,234	(5,609)	(162,184)	1,400,000	-	13,006,401
Equity long/short hedge funds	19,159,484	-	-	(761,343)	-	-	18,398,141
Private equity - secondary	-	519	-	239,530	625,000	(518)	864,531
Event driven hedge funds	32,401,925	1,675,296	56,506	164,414	7,359,000	(287,690)	41,369,451
Multi-strategy hedge funds	708,271	78	-	27,423	-	(87,087)	648,685
Interest in charitable trusts	474,385	-	-	-	-	-	474,385
<b>Total</b>	<b>\$ 69,678,438</b>	<b>\$ 2,304,127</b>	<b>\$ 50,897</b>	<b>\$ (508,843)</b>	<b>\$13,684,000</b>	<b>\$ (375,295)</b>	<b>\$ 84,833,324</b>

\*Issuances amounted to \$625,000 during the year ended September 30, 2016, which pertains to an investment in a private equity secondary market. There were no settlements during the year ended September 30, 2016.

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**Quantitative Information**

Quantitative information as of September 30, 2017, 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 2017	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Interest in charitable trusts	\$ 560,328	Income Approach	Discount rates Life expectancies Trust payouts Allocation percentages	N/A

Description	Fair Value 2016	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Interest in charitable trusts	\$ 474,385	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.

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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 Investment Committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2017 and 2016.

*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 2017 and 2016.

**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, 2017 are as follows:

	Carrying Amount	Fair Value
Contributions receivable	\$ 70,978,998	\$ 64,386,415
Charitable gift annuity liability	\$ 12,787,701	\$ 12,687,241

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, 2016 are as follows:

	Carrying Amount	Fair Value
Contributions receivable	\$ 60,555,014	\$ 63,132,288
Charitable gift annuity liability	\$ 12,507,032	\$ 13,337,931

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Estimates of fair value at September 30, 2017 and 2016, 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.

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, 2017:

	Fair Value	Unfunded commitments	Redemption Frequency	Redemption notice period
U.S. large cap equities	\$ 85,935,363	\$ -	daily to monthly	none to 10 days
International markets equities	35,482,294	-	daily to monthly	none to 6 days
Emerging markets equities	12,588,789	-	daily to quarterly	none to 10 days
Multi-strategy mutual funds	10,534,647	-	quarterly	30 days
Bank loan fund	13,922,184	-	quarterly	90 days
Equity long/short hedge funds	19,312,119	-	quarterly	45 days
Private equity- secondary	4,092,921	20,586,396	N/A	N/A
Event driven hedge funds	64,544,194	-	quarterly to at maturity	none to 90 days
Multi-strategy hedge funds	620,000	-	annually	N/A
<b>Total</b>	<b>\$ 247,032,511</b>	<b>\$ 20,586,396</b>		

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The following table presents the nature and risk of assets with fair values estimated using NAV as a practical expedient held at September 30, 2016:

	Fair Value	Unfunded commitments	Redemption Frequency	Redemption notice period
U.S. large cap equities	\$ 71,916,812	\$ -	daily to monthly	none to 10 days
International markets equities	24,909,480	-	daily to monthly	none to 6 days
Emerging markets equities	10,882,943	-	daily to quarterly	none to 10 days
Multi-strategy mutual funds	10,071,730	-	quarterly	30 days
Bank loan fund	13,006,401	-	quarterly	90 days
Equity long/short hedge funds	18,398,141	-	quarterly	45 days
Private equity- secondary	864,531	13,375,000	N/A	N/A
Event driven hedge funds	53,938,631	-	quarterly to at maturity	none to 90 days
Multi-strategy hedge funds	648,685	-	annually	N/A
<b>Total</b>	<b>\$ 204,637,354</b>	<b>\$ 13,375,000</b>		

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 three funds. Two are mutual funds with values 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 as of that same reporting period, and performs other procedures to estimate fair value for the Museum's year-end.

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 two investments in equity long/short funds, six 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.

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An investment of \$620,000 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.

The Museum is invested in two private equity funds in the private equity secondary markets. These funds are invested in established private equity fund interests with investments in various sectors including leveraged buyouts, venture capital, and mezzanine and growth equity. The Museum also has one pending private equity fund investment that will be focusing on infrastructure opportunities. Redemptions do not apply to these partnerships since they are closed vehicles and withdrawals will be generally upon the termination and liquidation of the partnerships.

### 5. Split-Interest Agreements

Split-interest agreements include charitable gift annuities and interests in charitable trusts. The charitable gift annuities are valued at approximately \$26.6 million and \$23.6 million in 2017 and 2016, respectively. These investments are recognized at fair value using quoted market prices. An annuity liability for approximately \$12.8 million and \$12.5 million in 2017 and 2016, 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 \$477,271 and (\$805,647), respectively, in 2017 and \$762,130 and (\$517,569), respectively, in 2016 and is included in contributions revenue.

### 6. Contributions Receivable

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

	2017	2016
Amounts due in:		
Less than one year	\$ 15,209,179	\$ 16,055,268
One to five years	47,673,559	40,905,351
More than five years	18,970,957	21,567,956
<b>Subtotal</b>	<b>81,853,695</b>	<b>78,528,575</b>
Less:		
Allowance for doubtful accounts	(2,592,393)	(3,288,577)
Discount to present value (2.6% - 3.9%)	(8,282,304)	(14,684,984)
<b>Total</b>	<b>\$ 70,978,998</b>	<b>\$ 60,555,014</b>

Write-off of contributions receivable amounted to \$370,611 and \$172,737 during fiscal year 2017 and 2016, respectively.

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**7. Property and Equipment**

At September 30, 2017, property and equipment consisted of the following:

	Nonappropriated funds	Appropriated funds	Total
Land	\$ 4,597,930	\$ -	\$ 4,597,930
Buildings and capital improvements	155,769,254	26,908,720	182,677,974
Furniture and equipment	8,521,370	16,605,451	25,126,821
Exhibitions	30,515,448	14,465,305	44,980,753
Leasehold improvements	1,687,225	63,505	1,750,730
<b>Total property and equipment</b>	<b>201,091,227</b>	<b>58,042,981</b>	<b>259,134,208</b>
Less accumulated depreciation and amortization	(98,390,529)	(42,885,671)	(141,276,200)
<b>Total property and equipment, net</b>	<b>\$ 102,700,698</b>	<b>\$ 15,157,310</b>	<b>\$ 117,858,008</b>

At September 30, 2016, property and equipment consisted of the following:

	Nonappropriated funds	Appropriated funds	Total
Land	\$ 3,207,930	\$ -	\$ 3,207,930
Buildings and capital improvements	142,112,107	24,444,625	166,556,732
Furniture and equipment	6,635,969	15,475,356	22,111,325
Exhibitions	30,440,056	13,859,785	44,299,841
Leasehold improvements	1,687,225	63,505	1,750,730
<b>Total property and equipment</b>	<b>184,083,287</b>	<b>53,843,271</b>	<b>237,926,558</b>
Less accumulated depreciation and amortization	(94,067,442)	(40,695,139)	(134,762,581)
<b>Total property and equipment, net</b>	<b>\$ 90,015,845</b>	<b>\$ 13,148,132</b>	<b>\$ 103,163,977</b>

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 was \$6,873,319 and \$6,655,475, respectively. The Museum wrote off \$359,700 and \$293,600 of fully depreciated assets during the years ended September 30, 2017 and 2016, respectively.

**8. Debt**

*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 the new David and Fela Shapell Family Collections, Conservation and Research Center. As of September 30, 2017 and 2016, the Museum has an outstanding principal balance of \$35,145,216 and \$22,443,923, respectively, on this loan.

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Interest on the outstanding principal balance of the term loan is due and payable monthly, in arrears, on the 1st day of each month until the unpaid principal balance of the term loan has been paid in full. Beginning July 1, 2021 and on the same day of each year thereafter, annual principal payments on the term loan are due equal to the lesser of \$1.5 million per year or an annual principal payment determined on July 1, 2021 as that amount of principal which, if paid on an annual basis, will be sufficient to amortize on a level debt service basis the principal balance of the term loan over a period of 25 years at an annual interest rate equal to the adjusted LIBOR rate on such date. The entire outstanding principal balance and all accrued unpaid interest under the term loan are due and payable in full on January 1, 2027, or such earlier date as may be required.

*Interest Rate Swap*

On January 27, 2015, the Museum entered into an interest rate swap agreement with a bank, with an effective date of February 1, 2017 and a termination date of February 1, 2023. The Museum pays the fixed rate of 2.13%, while the bank pays the floating rate based on USD-LIBOR-BBA-Bloomberg, with a reset date on the 1st day of each floating rate calculation period. Initial payment commenced on March 1, 2017. Thereafter, payments are on the 1st day of each month.

The swap is recognized on the statement of financial position at fair value and is recorded as interest rate swap. Changes in the fair value of the swap are recorded under museum operation expenses in the statement of activities.

The interest rate swap liability as of September 30, 2017 and 2016 was \$232,696 and \$1,202,185, respectively and the gain on interest rate swap during FY17 amounted to \$969,489 and the loss during FY16 amounted to \$895,735.

**9. Appropriated Funds**

The fiscal year 2017 and 2016 Federal appropriations totaled \$57,000,000 and \$54,000,000, respectively, which includes appropriations of \$1,264,000 in both years, for exhibition design and production; and \$2,500,000 in both years, for building repair and rehabilitation, 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 \$1,215,000 in both years, to be used for equipment replacement.

Below is a reconciliation of the fiscal year 2017 and 2016 Federal appropriations received to Federal appropriations expended and recognized as revenue:

	2017	2016
Federal appropriation received	\$ 57,000,000	\$ 54,000,000
Unexpended appropriation - current year	(11,715,086)	(9,210,809)
Amounts obligated in previous years - expended in current year	7,092,720	8,111,967
<b>Federal appropriation revenue</b>	<b>\$ 52,377,634</b>	<b>\$ 52,901,158</b>

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Below is a reconciliation of the spending of the fiscal year 2017 and 2016 Federal appropriations:

	2017	2016
Total expenses	\$ 51,336,947	\$ 53,263,520
Depreciation and amortization	(2,550,232)	(2,937,013)
Unpaid vacation and other unfunded expenses	(943,099)	(1,177,291)
Prepayments and others	(25,392)	(55,927)
Unexpended appropriation - current year	11,715,086	9,210,809
Amounts obligated in previous years - expended in current year	(7,092,720)	(8,111,967)
Capital expenditures	4,559,410	3,807,869
<b>Federal appropriation</b>	<b>\$ 57,000,000</b>	<b>\$ 54,000,000</b>

## 10. Commitments and Contingencies

The Museum has leases for regional offices, warehouses, and additional office space. These leases expire at various dates through 2024. Annual minimum lease payments due under operating leases in effect at September 30, 2017, by year and in the aggregate, are summarized as follows:

2018	\$ 1,106,444
2019	384,362
2020	135,758
2021	70,674
2022	73,148
Thereafter	173,822
<b>Total</b>	<b>\$ 1,944,208</b>

Rent expense for fiscal years 2017 and 2016 was \$2,980,612 and \$3,116,824, respectively. This amount was composed of appropriated funds and nonappropriated funds of \$2,569,374 and \$411,238, and \$2,725,118 and \$391,706 in 2017 and 2016, respectively.

## 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 2017 and 2016 was \$3,099,055 and \$3,094,908, 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 2017 and 2016, the Museum, utilizing OPM's cost factors,

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recognized \$128,690 and \$137,383 respectively, of pension expenses, \$825,330 and \$1,002,560 respectively, of postretirement health benefits expenses, \$2,759 and \$2,911, respectively, of postretirement life insurance expenses, beyond amounts actually paid. The Museum recognized offsetting revenue of \$956,779 and \$1,142,830 in 2017 and 2016, 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 2017 and 2016 was \$3,083,099 and \$2,959,158, 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, 2017 and 2016. 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 2017 and 2016. The fiscal year 2017 and 2016 appropriated actuarial liability is \$1,750, and the fiscal year 2017 and 2016 nonappropriated actuarial liability is \$385.

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

An unfunded liability is recorded for future payments to be made for workers' compensation pursuant to FECA. The liability consists of the un-reimbursed cost paid by DOL for compensation paid to recipients under FECA. The costs incurred are reflected as a liability because the Museum will reimburse DOL two years after the payment of expenses by DOL. Future Museum appropriated and nonappropriated funds will be used to reimburse DOL for appropriate payments. The fiscal year unfunded liability for the Museum's appropriated employees is \$25,019 and \$955 in 2017 and 2016, respectively. The fiscal year unfunded liability for the Museum's nonappropriated employees is \$7,126 and \$6,746 for 2017 and 2016, respectively.

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**13. Temporarily Restricted Net Assets**

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

	2017	2016
Contributions to be received in future periods - for general use	\$ 7,212,141	\$ 7,593,674
Secure the Future	26,780,779	21,580,511
Levine Institute for Holocaust Education	17,555,602	14,887,102
Rescue the Evidence	44,717,658	41,581,560
Mandel Center for Advanced Holocaust Studies	15,538,845	14,288,288
Simon-Skjodt Center for the Prevention of Genocide	6,122,695	5,298,363
<b>Total temporarily restricted net assets</b>	<b>\$ 117,927,720</b>	<b>\$ 105,229,498</b>

**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:

	2017	2016
Secure the Future	\$ 178,278,620	\$ 129,082,720
Levine Institute for Holocaust Education	42,709,833	42,445,281
Rescue the Evidence	2,239,181	2,239,181
Mandel Center for Advanced Holocaust Studies	37,928,451	37,428,451
Simon-Skjodt Center for the Prevention of Genocide	22,755,751	22,745,751
<b>Total permanently restricted net assets</b>	<b>\$ 283,911,836</b>	<b>\$ 233,941,384</b>

**15. Contributed Services**

In-kind contributions of goods and services totaling \$181,133 and \$2,360 were received by the Museum during the fiscal years ended September 30, 2017 and 2016, 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 450 volunteers, including 80 Holocaust survivors, donating more than 38,000 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.

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**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 82 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, 2017:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 45,563,052	\$ 5,490,690	\$253,856,391	\$ 304,910,133
Funds functioning as endowment	84,216,943	-	-	84,216,943
<b>Total</b>	<b>\$129,779,995</b>	<b>\$ 5,490,690</b>	<b>\$253,856,391</b>	<b>\$ 389,127,076</b>

Endowment net assets consist of the following at September 30, 2016:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 31,215,109	\$ 5,798,568	\$ 217,778,090	\$ 254,791,767
Funds functioning as endowment	71,912,411	-	-	71,912,411
<b>Total</b>	<b>\$ 103,127,520</b>	<b>\$ 5,798,568</b>	<b>\$ 217,778,090</b>	<b>\$ 326,704,178</b>

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Changes in endowment net assets for the year ended September 30, 2017 are as follows:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2016	\$103,127,520	\$ 5,798,568	\$217,778,090	\$326,704,178
Investment return:				
Investment income	4,284,496	667,768	1,350,805	6,303,069
Net appreciation	23,801,926	3,660,378	8,451,987	35,914,291
<b>Total investment return</b>	<b>28,086,422</b>	<b>4,328,146</b>	<b>9,802,792</b>	<b>42,217,360</b>
Contributions	-	-	26,205,538	26,205,538
Payout of endowment assets for expenditures	(9,688,208)	(4,636,024)	-	(14,324,232)
Additions to Board Designated, net	8,324,232	-	-	8,324,232
Underwater adjustment	(69,971)	-	69,971	-
<b>Endowment net assets, September 30, 2017</b>	<b>\$129,779,995</b>	<b>\$ 5,490,690</b>	<b>\$ 253,856,391</b>	<b>\$389,127,076</b>

Changes in endowment net assets for the year ended September 30, 2016 are as follows:

	Unrestricted	Temporarily restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2015	\$ 85,652,846	\$ 6,769,431	\$ 192,722,145	\$ 285,144,422
Investment return:				
Investment income	4,669,774	784,538	1,498,025	6,952,337
Net appreciation	9,499,964	1,627,988	3,262,423	14,390,375
<b>Total investment return</b>	<b>14,169,738</b>	<b>2,412,526</b>	<b>4,760,448</b>	<b>21,342,712</b>
Contributions	-	-	20,217,044	20,217,044
Payout of endowment assets for expenditures	(9,215,538)	(3,383,389)	-	(12,598,927)
Additions to Board Designated	12,598,927	-	-	12,598,927
Underwater adjustment	(78,453)	-	78,453	-
<b>Endowment net assets, September 30, 2016</b>	<b>\$ 103,127,520</b>	<b>\$ 5,798,568</b>	<b>\$ 217,778,090</b>	<b>\$ 326,704,178</b>

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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 \$69,971 and \$78,453 as of September 30, 2017 and 2016, 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, alternative investment and multi-asset class funds in a 50, 25, 15 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, 2017.

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**18. Related Party Transactions**

There were no related party transactions that require disclosure during the years ended September 30, 2017 and 2016.

**19. Subsequent Events**

Management has performed an evaluation of subsequent events through November 14, 2017, 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, 2017.

## Supplementary Schedules

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# United States Holocaust Memorial Museum

## Schedule of Budgetary Resources - Appropriated Funds Years ended September 30, 2017 and 2016

<i>For the years ended September 30,</i>	2017	2016
<b>Budgetary resources:</b>		
Unobligated balance, brought forward, October 1	\$ 5,977,205	\$ 7,417,572
Recoveries of prior year unpaid obligations	1,186,290	1,414,717
Budgetary authority appropriations received	57,000,000	54,000,000
Spending authority from offsetting collections	-	-
Canceled appropriation - permanently not available	(199,980)	(321,876)
Others	10,178	(37,712)
<b>Total budgetary resources</b>	<b>\$ 63,973,693</b>	<b>\$ 62,472,701</b>

<i>For the years ended September 30,</i>	2017	2016
<b>Status of budgetary resources:</b>		
Obligations incurred, net	\$ 54,668,632	\$ 56,495,496
Unobligated balance - available apportioned	9,086,218	5,592,814
Unobligated balance not available	218,843	384,391
<b>Status of budgetary resources</b>	<b>\$ 63,973,693</b>	<b>\$ 62,472,701</b>

<i>For the years ended September 30,</i>	2017	2016
<b>Change in obligation balance:</b>		
<b>Obligated balances, net:</b>		
Unpaid obligations, bought forward, October 1	\$ 15,535,319	\$ 12,781,261
Obligations incurred, net	54,668,632	56,495,496
Less: gross outlays	(52,993,678)	(52,326,721)
Less: recoveries of prior year unpaid obligations, actual	(1,186,290)	(1,414,717)
<b>Obligated balances, net, end of year</b>	<b>\$ 16,023,983</b>	<b>\$ 15,535,319</b>

<i>For the years ended September 30,</i>	2017	2016
<b>Outlays:</b>		
Gross outlays	\$ 52,993,678	\$ 52,326,721
Less: offsetting collections	-	-
<b>Net outlays</b>	<b>\$ 52,993,678</b>	<b>\$ 52,326,721</b>

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Net Cost - Appropriated Funds Years ended September 30, 2017 and 2016

	For the year ended 2017		
	Intra- government	Public	Total
Museum operations	\$ 5,326,741	\$ 21,269,296	\$ 26,596,037
Mandel Center for Advanced Holocaust Studies	577,352	2,131,667	2,709,019
Levine Institute for Holocaust Education	701,321	3,184,782	3,886,103
National Institute for Holocaust Documentation	1,283,900	4,737,008	6,020,908
Marketing	156,608	457,049	613,657
Other outreach programs	297,468	1,476,535	1,774,003
Management and general	882,865	4,055,769	4,938,634
Technology	374,748	4,423,838	4,798,586
<b>Net cost of operations</b>	<b>\$ 9,601,003</b>	<b>\$ 41,735,944</b>	<b>\$ 51,336,947</b>

*See accompanying independent auditor's report.*

	For the year ended 2016		
	Intra- government	Public	Total
Museum operations	\$ 5,417,155	\$ 20,429,751	\$ 25,846,906
Mandel Center for Advanced Holocaust Studies	608,805	2,241,204	2,850,009
Levine Institute for Holocaust Education	712,590	3,558,527	4,271,117
National Institute for Holocaust Documentation	1,270,194	4,600,819	5,871,013
Marketing	187,834	507,571	695,405
Other outreach programs	321,372	1,899,676	2,221,048
Management and general	1,148,115	4,482,357	5,630,472
Technology	378,209	5,499,341	5,877,550
<b>Net cost of operations</b>	<b>\$ 10,044,274</b>	<b>\$ 43,219,246</b>	<b>\$ 53,263,520</b>

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Changes in Net Position - Appropriated Funds Years Ended September 30, 2017 and 2016

<i>For the years ended September 30,</i>	<u>2017</u>		<u>2016</u>	
	Cumulative results of operations	Unexpended appropriations	Cumulative results of operations	Unexpended appropriations
Beginning balances	\$ 11,873,273	\$ 17,346,999	\$ 11,092,805	\$ 16,575,168
Budgetary financing sources:				
Appropriations received (current period)	-	57,000,000	-	54,000,000
Canceled or expired appropriations	-	(199,980)	-	(321,876)
Appropriations used	52,377,634	(52,377,634)	52,901,158	(52,901,158)
Others	-	(29,217)	-	(5,135)
Other financing resources:				
Imputed financing from costs absorbed by others	956,779	-	1,142,830	-
<b>Total financing sources</b>	<b>53,334,413</b>	<b>4,393,169</b>	<b>54,043,988</b>	<b>771,831</b>
<b>Total</b>	<b>65,207,686</b>	<b>21,740,168</b>	<b>65,136,793</b>	<b>17,346,999</b>
<b>Net cost of operations</b>	<b>(51,336,947)</b>	<b>-</b>	<b>(53,263,520)</b>	<b>-</b>
<b>Ending balances</b>	<b>\$ 13,870,739</b>	<b>\$ 21,740,168</b>	<b>\$ 11,873,273</b>	<b>\$ 17,346,999</b>

*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, 2017 and 2016

<i>For the year ended September 30,</i>	2017	2016
Total resources used to finance activities:		
Obligations, offsetting receipts, imputed financing sources	\$ 54,571,901	\$ 56,401,453
Change in budgetary resources obligated for goods and services	(1,237,488)	(2,744,733)
Resources that finance the acquisition of capital assets	(4,559,410)	(3,807,869)
	48,775,003	49,848,851
Components requiring or generating resources in future periods:		
Annual leave liability (decrease) increase	(30,538)	37,673
Unfunded FECA, NonBudgetary Receivables, Actuarial FECA	42,250	439,983
Components not requiring or generating resources in current period:		
Depreciation and amortization	2,550,232	2,937,013
Total components of the net cost of operations that will not require or generate resources	2,561,944	3,414,669
Net cost of operations	\$ 51,336,947	\$ 53,263,520

*See accompanying independent auditor's report.*

# United States Holocaust Memorial Museum

## Schedule of Claims Conference Payments Year ended September 30, 2017

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Grant Award	2017
Fund SO35/App. 11380	\$ 5,202
Fund SO38/App. 12870	1,515
Fund SO40/App. 14021	77,426
Fund SO40/App. 14022	6,306
Fund SO42/App. 14312	33,357
Fund SO34/App. 14662	82,667
Fund SWVLP/App. 15217	34,147
Fund SO34/App. 14663	36,216
Fund SO43/App. 15048	110,478
Fund SO43/App. 15019	33,157
Fund SO44/App. 15531	77,019
Fund SO45/App. 15988	158,222
Fund SO47/App. 17183	322,161
Fund Phse 3/App. 15990	322,557
Fund SO47/App. 17184	80,352
Fund SO47/App. 17185	121,472
Fund SO49/App. 17684	99,540
Fund SO49/App. 17685	45,222
Fund SO50/App. 18264	30,977

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Fiscal year 2017 payments to United States Holocaust Memorial Museum	\$ 1,677,993
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*See accompanying independent auditor's report.*

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

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## **Independent Auditor's Report on Internal Control Over Financial Reporting 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. 17-03, *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, 2017, 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, 2017.

### **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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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, 2017



## **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. 17-03, *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, 2017, 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, 2017.

### **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. 17-03. 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. 17-03.

### **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, 2017

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