SWC Museum Corp.
(a nonprofit corporation)

Consolidated Financial Statements and Supplemental Material
Years Ended June 30, 2016 and 2015

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Contents

Description of the Museum

The Museum of Tolerance Jerusalem will be a world-class Museum focusing on issues of human dignity and responsibility and will promote Jewish unity, universal respect and coexistence.

It will house two multi-media experiential museums, one for adults and one for children; an international conference Museum; an educational Museum; a theater; and a 1,000 seat amphitheater.

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Independent Auditor's Report

Board of Trustees
SWC Museum Corp.
Los Angeles, California

We have audited the accompanying consolidated financial statements of SWC Museum Corp., which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of SWC Museum Corp. as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 7, 2016

Consolidated Financial Statements

SWC Museum Corp.
(a nonprofit corporation)

Consolidated Balance Sheets

June 30,	**2016**	2015
Assets		
Cash and cash equivalents	**$ 18,944,579**	$ 18,187,276
Restricted cash	**629,159**	638,530
Other receivables	**33,680**	2,821
Pledges receivable, less allowance for uncollectible pledges of $2,600,000 and $3,755,000, respectively, and discount of $2,473,000 and $3,194,000, respectively	**38,681,909**	50,532,918
Other assets	**272,304**	749,113
Property and equipment, net	**127,830**	171,183
Construction in progress	**49,468,839**	36,720,682
Land use costs	**2,000,000**	2,000,000
Intangible assets	**168,214**	-
Total assets	**$ 110,326,514**	$ 109,002,523
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 4,007,980**	$ 4,189,228
Total liabilities	**4,007,980**	4,189,228
Commitments and Contingencies		
Net assets		
Temporarily restricted	**106,318,534**	104,813,295
Total net assets	**106,318,534**	104,813,295
Total liabilities and net assets	**$ 110,326,514**	$ 109,002,523

See accompanying independent auditor's report, summary of significant accounting policies and notes to consolidated financial statements.

SWC Museum Corp.
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Consolidated Statements of Activities and Changes in Net Assets

Year ended June 30, 2016	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Fundraising	$ -	$ 6,039,318	$ 6,039,318
Rental income	-	781,462	781,462
Investment income	-	10,723	10,723
Net realized and unrealized gains (losses) on cash and investments	-	4,026	4,026
Net assets released from restrictions:			
Satisfaction of program restrictions	5,330,290	(5,330,290)	-
Total revenue and support	5,330,290	1,505,239	6,835,529
Expenses and losses (1)			
Fundraising	2,731,620	-	2,731,620
General and administrative expenses	2,598,670	-	2,598,670
Total expenses and losses	5,330,290	-	5,330,290
Net increase in net assets	-	1,505,239	1,505,239
Net assets, beginning of year	-	104,813,295	104,813,295
Net assets, end of year	$ -	$ 106,318,534	$ 106,318,534

See accompanying independent auditor's report, summary of significant accounting policies and notes to consolidated financial statements.

(1) As of June 30, 2016, the Museum is constructing the Museum of Tolerance Jerusalem. As such, there are no active programs at this time.

SWC Museum Corp.
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Consolidated Statements of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2015	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Fundraising	$ -	$ 44,860,779	$ 44,860,779
Rental income	-	796,864	796,864
Investment income	-	33,723	33,723
Net realized and unrealized gains (losses) on cash and investments	-	26,072	26,072
Net assets released from restrictions:			
Satisfaction of program restrictions	7,822,233	(7,822,233)	-
Total revenue and support	7,822,233	37,895,205	45,717,438
Expenses and losses (1)			
Fundraising	5,016,180	-	5,016,180
General and administrative expenses	2,806,053	-	2,806,053
Total expenses and losses	7,822,233	-	7,822,233
Net increase in net assets	-	37,895,205	37,895,205
Net assets, beginning of year	-	66,918,090	66,918,090
Net assets, end of year	$ -	$ 104,813,295	$ 104,813,295

See accompanying independent auditor's report, summary of significant accounting policies and notes to consolidated financial statements.

(1) As of June 30, 2015, the Museum is constructing the Museum of Tolerance Jerusalem. As such, there are no active programs at this time.

SWC Museum Corp.
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Consolidated Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended June 30, 2016	Temporarily Restricted	Total
Cash flows from operating activities		
Net increase in net assets	$ 1,505,239	$ 1,505,239
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	60,224	60,224
Provision for losses on pledges receivable	770,000	770,000
Net realized and unrealized gains on investments	(4,026)	(4,026)
Changes in:		
Pledges receivable	10,202,299	10,202,299
Other receivables	(30,859)	(30,859)
Other assets	476,809	476,809
Accounts payable and accrued expenses	(181,248)	(181,248)
Net cash provided by operating activities	12,798,438	12,798,438
Cash flows from investing activities		
Purchase of property and equipment	(11,071)	(11,071)
Proceeds on sale of investments	882,736	882,736
Purchase of investments	(174,014)	(174,014)
Construction in progress	(12,748,157)	(12,748,157)
Restricted cash	9,371	9,371
Net cash used in investing activities	(12,041,135)	(12,041,135)
Net increase in cash and cash equivalents	757,303	757,303
Cash and cash equivalents, beginning of year	18,187,276	18,187,276
Cash and cash equivalents, end of year	$ 18,944,579	$ 18,944,579

See accompanying independent auditor's report, summary of significant accounting policies and notes to consolidated financial statements.

SWC Museum Corp.
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Consolidated Statements of Cash Flows (Continued)

Increase (Decrease) in Cash and Cash Equivalents

Year ended June 30, 2015	Temporarily Restricted	Total
Cash flows from operating activities		
Net increase in net assets	$ 37,895,205	$ 37,895,205
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,341	52,341
Provision for losses on pledges receivable	3,038,619	3,038,619
Net realized and unrealized gains on investments	(26,072)	(26,072)
Donations of investments	(342,322)	(342,322)
Changes in:		
Pledges receivable	(22,647,938)	(22,647,938)
Other receivables	(111)	(111)
Other assets	(430,918)	(430,918)
Accounts payable and accrued expenses	713,666	713,666
Net cash provided by operating activities	18,252,470	18,252,470
Cash flows from investing activities		
Purchase of property and equipment	(9,386)	(9,386)
Proceeds on sale of investments	3,338,691	3,338,691
Construction in progress	(13,121,657)	(13,121,657)
Restricted cash	44,481	44,481
Net cash used in investing activities	(9,747,871)	(9,747,871)
Net increase in cash and cash equivalents	8,504,599	8,504,599
Cash and cash equivalents, beginning of year	9,682,677	9,682,677
Cash and cash equivalents, end of year	$ 18,187,276	$ 18,187,276

See accompanying independent auditor's report, summary of significant accounting policies and notes to consolidated financial statements.

Business

SWC Museum Corp. (the "Museum") was organized under the laws of the State of California on January 31, 2000. The purpose of the Museum is to raise donations to construct a tolerance museum in Jerusalem.

Basis of Presentation

The consolidated financial statements of the Museum include the accounts of Shehada Amir Building and Development LTD. ("Shehada") and are prepared in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, "Audits of Not-for-Profit Entities."

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

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations that limit the use of the donated assets.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that restrict the use of the donated assets. The restrictions are satisfied either by actions of the Museum and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions (i.e., a donor may restrict a pledge for a stipulated purpose or time period). Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions and pledges, including unconditional promises to give, are recognized as revenues in the period received. Pledges to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, which range from 0.78% to 4.14%. Amortization of discounts is recorded as additional fundraising revenue annually in accordance with donor-imposed restrictions, if any, on the pledges. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met; that is, when the conditional promise becomes unconditional.

Cash Equivalents

The Museum considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Museum maintains the majority of its cash and cash equivalents in a number of commercial bank accounts with financial institutions in the US and internationally and, at times, balances may exceed federally insured limits. The Museum has never experienced any losses related to these balances.

Investments

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 "Not-for-Profit Entities" Subtopic 320, "Investment – Debt and Equity Securities," the Museum accounts for its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value on the Consolidated Balance Sheets. The Museum records realized and unrealized gains and losses on investments in the Statements of Activities and Changes in Net Assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation. Major additions are capitalized; repairs and maintenance are charged to expense as incurred.

Depreciation is computed over the estimated useful lives of the respective assets utilizing the straight-line method.

Intangible Assets

Intangible assets are tested for impairment annually, and more frequently upon the occurrence of certain events. As of June 30, 2016 the Center did not have any impairment. Intangible assets with definite life are not amortized over their useful life.

Construction in Progress

Construction in progress is stated at cost.

Land Use Costs

Land use costs consist of costs incurred related to the rights to use land and are stated at cost.

Income Taxes

SWC Museum Corp. is a nonprofit corporation exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code.

The Museum believes it is in compliance with all applicable laws, however, upon audit by a taxing authority, if amounts are found due, the Museum may be liable for such taxes. Management has analyzed the Museum's tax positions taken on Federal and state income tax returns for all open tax years and has concluded that, as of June 30, 2016 and 2015, no liabilities are required to be recorded in connection with such tax positions in the Museum's consolidated financial statements. The 2013 through 2015 tax years remain open for examination by the taxing authorities. No interest or penalties were recognized during the year as the Museum has not recorded income tax contingencies. The Museum had an examination by the Internal Revenue Service for the 2011 tax year and there were no findings. The Museum continues to qualify for exemption from federal income tax.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Such estimates include valuation of pledge receivables, other receivables and property and equipment.

Certain judgments and estimates are considered in determining pledge allowances, including prior collection history, types of contributions, nature of the fundraising activities, the discount rate reflecting the risk inherent in future cash flows, the interpretation of current economic indicators, and ability of donors to fulfill their future obligation. Actual results may differ from these judgments and estimates and could have a material adverse effect on the Museum's financial condition or operating results.

Concentration of Credit Risk

Financial instruments that potentially subject the Museum to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, pledges receivable, and Israel bonds. Invested funds are subject to certain risks, which could result in losses in the event of economic circumstances. The Museum has not experienced any credit losses on its cash and cash equivalents, restricted cash and Israel bonds. The Museum judges pledge receivable credit risk based on the history and the financial wherewithal of donors, most of which are foundations or individuals well known to the Museum. As of June 30, 2016 and 2015, the Museum provided an allowance for uncollectible pledges of $2,600,000 and $3,755,000, respectively.

Temporarily Restricted Contributions and Pledges

The Museum records contributions and pledges as temporarily restricted if they are received with donor stipulations that limit their use through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as 'Net assets released from restrictions.'

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, restricted cash, and accounts payable and accrued expenses approximate fair value because of their short maturity.

Investments are carried at fair value, which is based on quoted market prices or discounted cash flows due to the lack of market activity.

Pledges are carried at fair value. The fair value of pledges which are expected to be paid in less than one year are measured at net realizable value and all other pledges are recorded at the present value of estimated future cash flows.

Fair Value Measurements

The Museum follows ASC 820, "Fair Value Measurements" to determine fair value for its financial assets and financial liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing the asset or liability.

ASC 820 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available.

Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Museum for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access as of the measurement date.

Level 2 Inputs that are observable, either directly or indirectly, 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 same term of the assets or liabilities.

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.

ASC 820 also requires the Museum to measure certain nonfinancial assets and nonfinancial liabilities at fair value on a nonrecurring basis. These assets and liabilities include assets acquired and liabilities assumed in an acquisition or in a nonmonetary exchange and property, plant and equipment that are written down to fair value when they are held for sale or determined to be impaired. During the years ended June 30, 2016 and 2015, the Museum does not have any nonfinancial assets or nonfinancial liabilities that were measured at fair value on a nonrecurring basis.

1. Cash and Cash Equivalents

Cash and cash equivalents consist of liquid investments with an original maturity of three months or less.

Income earned on cash and cash equivalents represents interest income of $10,723 and $11,038 for the years ended June 30, 2016 and 2015, respectively.

The Museum converted its Israeli cash accounts from shekels to US dollars based on the period-end spot rate. The Museum recognized exchange losses on cash of $34,751 and $79,938 for the years ended June 30, 2016 and 2015, respectively.

2. Pledges Receivable

At June 30, 2016 and 2015, pledges receivable consist entirely of unconditional promises to give and are recorded net of a discount of approximately $2,473,000 and $3,194,000, respectively. The pledges receivable are collectible in varying amounts generally over the next one to ten years.

The Museum has established an allowance for uncollectible pledges of $2,600,000 and $3,755,000 at June 30, 2016 and 2015, respectively.

Gross pledges receivable at June 30, 2016 are due as follows:

	Amount
Less than one year	$ 13,072,865
One year to five years	27,370,608
More than five years	3,311,250
	$ 43,754,723

3. Investments

During the year ended June 30, 2015, the Museum sold all of its investments for total proceeds of $3,336,818, net of commissions paid of $1,873.

Investment income earned is summarized as follows:

Years ended June 30,	**2016**	2015
Interest income	**$ -**	$ 22,685

Realized gains and losses from the sale of investments are summarized as follows:

Years ended June 30,	**2016**	2015
Israel bonds:		
Realized gains	**$ -**	$ 29,703
Equity securities:		
Realized gains	**4,441**	3,911
Realized losses	**(415)**	(7,542)
	$ 4,026	$ 26,072

All investments are classified between short-term and long-term investments on the Balance Sheets, based on their maturity date and the Museum's intention.

4. Acquisition

On September 7, 2015, the Museum acquired 100% of the shares of Shehada for 660,000 NIS or $174,014. Shehada is a private company lawfully registered in Israel. The acquisition was considered a business combination under ASC 805 as the Museum obtained control of Shehada. The Museum allocated the purchase price to the acquired contractor's license with a C-5 contracting classification based upon management's estimates of their fair value at the date of acquisition.

5. Fair Value Measurements

The Museum adopted the provisions of ASC 820, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

During the year ended June 30, 2015, the Museum sold all the Israel bonds.

6. Property and Equipment

Major classes of property and equipment and their estimated useful lives consist of:

June 30,	**2016**	2015	Years
Furniture and equipment	**$ 333,863**	$ 322,792	5-10
Less accumulated depreciation	**206,033**	151,609	
	$ 127,830	$ 171,183	

Depreciation expense for the years ended June 30, 2016 and 2015 was $54,424 and $52,341, respectively.

7. Intangible Asset

Information regarding the Museum's identifiable indefinite lived intangible asset as of June 30, 2016, is as follows:

June 30,	**2016**	Years
Contractor's license	**$ 174,014**	15
Less accumulated amortization	**5,800**	
	$ 168,214	

8. Construction in Progress and Land Use Costs

The Museum has approved a plan to build the Museum of Tolerance in Jerusalem. During the years ended June 30, 2016 and 2015, the Museum capitalized construction costs of $12,748,157 and $13,121,657, respectively. As of June 30, 2016 and 2015, the capitalized construction in progress is $49,468,839 and $36,720,682, respectively. Construction costs consist of direct costs associated with the Museum of Tolerance in Jerusalem, including excavation costs, foundation and skeleton cost, film production for exhibits, architectural and consulting fees.

Land use costs of $2,000,000 were recorded as a result of the accrual of the $2,000,000 obligation payable to the Jerusalem Municipality to obtain the rights and use of the parking lot (see Note 12). In September 2014, 2013 and August 2012, the Museum made payments of $150,000, $150,000 and $300,000, respectively, to the Jerusalem Municipality and the rights and use of the parking lot was transferred to the Museum. The remaining balance is due either in one installment 36 months after opening the Museum but not later than August 2022.

9. Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 of $106,318,534 and $104,813,295, respectively, are restricted for the construction of a tolerance museum in Jerusalem.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

June 30,	**2016**	2015
Purpose restrictions accomplished:		
Fundraising and general expenses	**$ 5,330,290**	$ 7,822,233
	$ 5,330,290	$ 7,822,233

10. Restricted Cash

At June 30, 2016 and 2015, the Museum has restricted cash of $379,159 and $388,530, respectively, with a bank, which is primarily to provide collateral for the Jerusalem Municipality that certain infrastructure and development work will be performed by the Museum. In accordance with the Undertaking Agreement with the Jerusalem Municipality, the Museum is required to perform infrastructure and development work, and if the Museum does not perform, the Jerusalem Municipality has the right to withdraw this cash. At June 30, 2016, the Museum is performing in accordance with the Undertaking Agreement and the cash will remain restricted until completion of the infrastructure and development work.

The Museum also has restricted cash of $250,000 in order to exercise its right to purchase the intellectual property from the architect in order to complete the design of the Museum's project (see Note 12).

11. Related Party Transaction

The Simon Wiesenthal Center, Inc. (the "Center") has a revolving line of credit with Wells Fargo Bank for $5,000,000, which matured on February 9, 2013. On February 9, 2013, the Center entered into an amendment to the line of credit note, which extended the maturity date to February 9, 2015 and allowed the Center to loan the Museum up to $3,200,000 in aggregate at any time. On February 9, 2015, the Center did not renew the line of credit note. No amounts were outstanding through the maturity date of February 9, 2015. Interest was payable monthly at the bank's LIBOR rate plus 2%, which was 2.2% at June 30, 2014.

The line of credit required the Center to meet certain covenants, and the Center was in compliance with all covenants through the maturity date.

12. Commitments and Contingencies

Commitments

On March 20, 2005, the Museum entered into a Development Agreement with the ILA to develop and lease a plot of land located in Jerusalem for the purpose of establishing the Museum of Tolerance Jerusalem. The Lease Agreement, which will come into effect at the end of the development, is for 49 years from the transaction approval date, with an option to extend for an additional 49 years. The Development Agreement with the Israel Land Administration ("ILA") was for 36 months. The Development Agreement required the Museum to pay an annual development use fee, which was based on 5% of the base value of the commercial parts of the plot, which originally included the Museum shops, bar/café on the lobby level, the cafeteria and the underground parking lot.

Subsequent to this assessment, the Museum's plans replaced the cafeteria with a children's museum, which will reduce the assessed value. The base value was initially estimated at NIS (Israeli New Shekel) 10,771,500 ($2,516,706). This resulted in a total use fee of 15% over the 36-month period. The total initial payment for the three year Development Agreement amounted to NIS 1,890,400 ($441,313), which includes V.A.T. (value added tax). The Museum also agreed with the ILA to enter a process of determination of the development costs that should be deducted from the estimated value. Such process was not completed because of the litigation related to the land. Since the Museum was interested in receiving possession of the land before such process was completed, the Museum was required to pay 75% or NIS 1,417,800 ($330,915) to the ILA and to cover the remaining 25% or NIS 472,600 ($110,399) in a bank guarantee. In April 2005, the Museum paid and submitted the guarantee for these amounts and obtained possession of the land. Due to the reduction in the base value of the land, in October 2011 the Museum received a cash refund of NIS 608,896 ($163,677) and the bank guarantee was released.

During the year ended June 30, 2011, the Museum entered into a revised Agreement with the ILA, which extended the development period for the construction of the Museum through June 1, 2012, and requires an annual use fee of NIS 140,954 ($41,167). This lower amount is the result of the new base value of that lot, which has been reduced to NIS 2,979,086 ($870,282) from the original estimated base value of NIS 10,771,500 ($2,516,706). During the year ended June 30, 2015, the Museum entered into a revised Agreement with the ILA, which extended the development period for the construction of the Museum through January 1, 2016, and the museum paid an extension fee of NIS 823,300 ($212,000). During the year ended June 30, 2016, the Museum paid its 2016 annual lease hold fees of NIS 212,777 ($55,194).

In addition, in accordance with the Lease Agreement, at the end of the development, the Museum will be required either to pay an annual lease fee of 5% of the value of the plot that will be determined, or pay a capitalized amount for the whole lease period remaining.

In connection with the above agreements, the Museum also entered into an agreement with the Jerusalem Municipality regarding the municipality's investment in a portion of the land received from the ILA, referred to as the underground parking lot, which was built by the municipality and was operated by its concessionaire.

The parking lot was under the rights of use of the Jerusalem Municipality, which has made investments into this property to construct this parking lot building. In August 2012, the Museum received the rights of use of the parking lot from the Jerusalem Municipality. In exchange for these rights of use, the Museum made payments in 2015, 2014 and 2013 of $150,000, $150,000, and $300,000, respectively, towards the total commitment obligation of $2,000,000, which was originally accrued as of June 30, 2010 with a corresponding amount capitalized under land use costs. The remaining obligation of $1,400,000 is required to be paid in one installment thirty-six months following the opening of the Museum, but not later than August 2022.

The Museum also was required to pay a purchase tax of NIS 673,081 ($157,262) related to the value of the land as determined by the ILA. This assessment was based on the original base value of NIS 10,771,500 ($2,516,705). The Museum has paid, on account of the purchase tax assessed, an amount of NIS 322,060 ($71,589), including V.A.T. and interest, on the basis of an estimation of the Museum that the final valuation that will be determined by the ILA will not exceed 50% of the initial valuation. This amount was paid in full as of December 31, 2005. The Purchase Tax Authority has assessed the Museum with an additional amount of NIS 301,878 ($88,788), which represents the balance of the tax assessed. During the year ended June 30, 2015, the Purchase Tax Authority received the final valuation completed by the ILA, which resulted in the Museum receiving a refund related to previously paid purchase tax of NIS 215,535 ($58,843) and the Museum does not believe any additional purchase tax is due.

Contingencies

In June 2011, the Museum was notified of a claim from the architect ("Architect"), which demands additional fees under a Letter of Engagement dated September 5, 2010 between the Architect and the Museum ("Letter of Engagement") of up to approximately $950,000 for services performed. As of June 30, 2012, the Architect has increased the claim regarding additional fees to $1,080,000. As of June 30, 2014, the Architect further increased the claim to $1,310,000. The Museum believes the Architect's claims are governed by a provision in the Letter of Engagement that states clearly that the fee associated with the subject matter of such claims is a fixed fee arrangement and/or are otherwise conditional (i.e., based on the Architect's own interpretation of the Letter of Engagement and/or on conditions that have not taken place) and therefore the Architect is not entitled to the additional fees claimed. The Museum and Architect selected an arbitrator regarding the claim and the arbitration hearings commenced in June 2016. At June 30, 2016 and 2015, the Museum believes it is a remote eventuality that the Museum will be found liable for the additional amounts claimed by the Architect, and therefore has not recorded a liability in the consolidated financial statements.

On September 23, 2011, the architect in connection with the Museum of Tolerance Jerusalem project resigned as the architect of record. Under the provisions of the Letter of Engagement, the Museum is exercising its right to purchase the intellectual property for $250,000 to complete the design of the Museum's project. The Museum has allocated $250,000 as restricted cash related to the purchase price of the intellectual property. The Museum has engaged new architects to complete the plans of the Museum's project and the plans have been completed.

The Museum may be party to various legal proceedings in the ordinary course of business, which, in the opinion of management, will not have a material adverse impact on its financial positions or Statements of Activities and Changes in Net Assets.

13. Effect of Economic Conditions on Contributions

The Museum depends heavily on contributions for its revenue. The ability of certain of the Museum's contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Museum. While the Museum's Board of Trustees believes the Museum has the resources to continue its construction, its ability to do so and the extent to which it continues, may be dependent on the above factors.

14. Defined Contribution Profit Sharing and Retirement Savings Plans

The Museum participates in the Simon Wiesenthal Center, Inc.'s defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code, which covers substantially all employees. Eligible employees may receive discretionary profit sharing contributions, subject to certain limitations. The Museum has accrued profit sharing contributions and incurred expenses of $68,610 and $64,717 in 2016 and 2015, respectively.

The Museum also participates in the Simon Wiesenthal Center, Inc.'s retirement savings plan under Section 403(b) of the Internal Revenue Code, a voluntary savings plan open to all employees whereby pre-tax contributions to the plan are made on a monthly basis pursuant to a salary reduction agreement between the Museum and each participating employee. In addition, the Museum makes non-elective contributions on behalf of certain employees to the Simon Wiesenthal Center, Inc.'s plan, subject to certain limitations, and incurred expenses of $65,444 and $63,433 in 2016 and 2015, respectively.

15. Supplemental Cash Flow Disclosures

During the years ended June 30, 2016 and 2015, the Museum received investment donations valued at $883,945 and $342,321, respectively.

16. Subsequent Events

The Museum evaluated subsequent events through October 7, 2016, which is when these consolidated financial statements were available to be issued. The Museum is not aware of any additional significant events that would have a material impact on its consolidated financial statements.

Supplemental Material

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Independent Auditor's Report on Supplemental Material

Our audits of the consolidated financial statements as of June 30, 2016 and 2015, and for the years then ended included in the preceding section of this report, were conducted for the purpose of forming an opinion on those statements taken as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

BDO USA, LLP

October 7, 2016

SWC Museum Corp.
(a nonprofit corporation)

Supplemental Schedule of Expenses
Years ended June 30, 2016 and 2015

Years ended June 30,	**2016 (1)**	2015 (1)
Expenses		
Fundraising:		
Salaries, payroll taxes and benefits	**$ 1,158,930**	$ 1,122,783
Bad debt expense	**770,000**	3,038,619
Development expenses	**474,338**	600,511
Outreach program	**328,352**	254,267
Total fundraising expenses	**$ 2,731,620**	$ 5,016,180
Expenses		
General and administrative:		
Legal, accounting and professional fees (2)	**$ 1,417,575**	$ 1,659,380
Salaries, payroll taxes and benefits	**508,277**	472,880
General and administrative expenses	**565,724**	525,655
General insurance	**9,976**	13,390
Depreciation expense	**54,424**	52,341
Printing and postage	**2,143**	2,469
Amortization expense	**5,800**	-
Foreign exchange loss	**34,751**	79,938
Total general and administrative expenses	**$ 2,598,670**	$ 2,806,053

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

See accompanying independent auditor's report on supplemental material.

(1) As of June 30, 2016 and 2015, the Museum is constructing the Museum of Tolerance Jerusalem. As such, there are no active programs at this time.

(2) Legal, accounting and professional fees are composed of attorneys' fees and fees for administrative consultants.