



**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Consolidated Financial Statements

Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Year ended June 30, 2023

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## **Independent Auditors' Report**

The Board of Trustees  
Simon Wiesenthal Center, Inc. and affiliate:

### *Opinion*

We have audited the consolidated financial statements of Simon Wiesenthal Center, Inc. and affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Report on Summarized Comparative Information*

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*KPMG LLP*

Los Angeles, California  
July 1, 2024

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Consolidated Statement of Financial Position

June 30, 2023

(With comparative totals for year ended June 30, 2022)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 8,128,161	16,914,324
Restricted cash and cash equivalents	569,874	74,208
Investments	11,191,528	9,735
Restricted investments	62,722	357,097
Other receivables	5,532,624	2,674,386
Pledges receivable, net	2,580,282	2,058,154
Inventory	236,509	239,995
Related party receivables	31,785,622	31,477,790
Operating lease right-of-use asset	190,492	—
Property and equipment, net	24,284,094	25,805,337
Other assets	<u>3,064,800</u>	<u>3,150,791</u>
Total assets	\$ <u>87,626,708</u>	<u>82,761,817</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,937,512	2,812,944
Deferred revenue	1,263,956	987,452
Operating lease liability	190,492	—
Note payable	8,023,121	8,340,224
Paycheck Protection Program Loan	117,115	180,104
Term loan note	<u>25,000,000</u>	<u>25,000,000</u>
Total liabilities	<u>39,532,196</u>	<u>37,320,724</u>
Net assets:		
Without donor restrictions	46,669,230	44,275,937
With donor restrictions	<u>1,425,282</u>	<u>1,165,156</u>
Total net assets	<u>48,094,512</u>	<u>45,441,093</u>
Total liabilities and net assets	\$ <u>87,626,708</u>	<u>82,761,817</u>

See accompanying notes to consolidated financial statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Consolidated Statement of Activities

Year ended June 30, 2023

(With comparative totals for year ended June 30, 2022)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2023</u>	<u>2022</u>
Revenue and support:				
Contributions	\$ 16,156,240	875,126	17,031,366	14,370,675
Special events, net	3,465,003	—	3,465,003	3,796,767
Government contracts	6,409,106	—	6,409,106	4,911,327
Education	1,279,084	—	1,279,084	880,893
Royalty revenue	31,036	—	31,036	46,767
Interest and dividend income	440,091	—	440,091	12,481
Rental income	562,903	—	562,903	473,716
Paycheck Protection Program Loan Forgiveness	—	—	—	2,768,913
Other income	1,857,970	—	1,857,970	337,378
Net assets released from restrictions	615,000	(615,000)	—	—
Total revenue and support	<u>30,816,433</u>	<u>260,126</u>	<u>31,076,559</u>	<u>27,598,917</u>
Expenses:				
Program services	16,771,068	—	16,771,068	15,182,351
General and administrative	6,776,016	—	6,776,016	4,210,769
Fundraising	2,118,314	—	2,118,314	2,256,553
Depreciation and amortization	2,757,742	—	2,757,742	3,597,321
Total expenses	<u>28,423,140</u>	<u>—</u>	<u>28,423,140</u>	<u>25,246,994</u>
Change in net assets	2,393,293	260,126	2,653,419	2,351,923
Net assets – beginning of the year	<u>44,275,937</u>	<u>1,165,156</u>	<u>45,441,093</u>	<u>43,089,170</u>
Net assets – end of year	\$ <u>46,669,230</u>	<u>1,425,282</u>	<u>48,094,512</u>	<u>45,441,093</u>

See accompanying notes to consolidated financial statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Consolidated Statement of Functional Expenses

Year ended June 30, 2023

(With comparative totals for year ended June 30, 2022)

	Program services					Supporting services		2023	2022
	Outreach Social Action Public Info Education	Museum Public Programs	Museum Diversity Training Courses	Moriah Documentary Films	Total program services	General and administrative	Fundraising		
Salaries, payroll taxes, and benefits	\$ 4,137,518	1,720,189	2,659,956	549,092	9,066,755	2,696,774	994,444	12,757,973	10,700,720
Professional fees	676,002	310,043	896,565	14,399	1,897,009	2,818,542	287,651	5,003,202	2,891,146
Security	—	880,915	—	—	880,915	161,190	—	1,042,105	878,224
Rent and utilities	152,620	453,506	87,928	—	694,054	141,490	13,242	848,786	896,319
Travel	239,284	14,401	456,001	7,001	716,687	59,818	155,104	931,609	868,473
Renewals and special appeals	214,897	59,888	—	—	274,785	—	486,994	761,779	745,334
General insurance	6,878	538,214	—	—	545,092	180,052	—	725,144	684,712
Interest expense	—	—	—	—	—	240,206	—	240,206	138,622
Outreach/public information expense	681,468	—	—	—	681,468	—	—	681,468	1,318,417
Repairs and maintenance	—	429,483	—	943	430,426	74,880	—	505,306	408,157
Office expense	169,853	299,030	167,323	49,152	685,358	137,936	55,418	878,712	690,018
Publications	—	—	—	—	—	—	—	—	166,755
Educational and marketing materials	—	—	188,711	—	188,711	—	—	188,711	85,135
Printing and postage	300,538	15,272	7,339	586	323,735	2,669	101,422	427,826	327,347
Credit card and bank fees	—	—	—	—	—	169,146	—	169,146	176,169
Information technology	145,728	—	—	—	145,728	—	202	145,930	130,477
Bad debt expense	—	—	—	—	—	—	—	—	210,486
Meeting expenses	—	—	118,406	—	118,406	7,394	—	125,800	90,027
Licenses and taxes	—	11,138	—	—	11,138	64,664	—	75,802	97,506
Development expense	—	—	—	11,701	11,701	—	10,355	22,056	18,576
Telephone	26,535	8,180	3,590	5,644	43,949	21,255	13,482	78,686	82,181
Media expense	—	—	—	55,151	55,151	—	—	55,151	44,872
	6,751,321	4,740,259	4,585,819	693,669	16,771,068	6,776,016	2,118,314	25,665,398	21,649,673
Depreciation and amortization	201,861	1,382,588	772,969	26,116	2,383,534	296,828	77,380	2,757,742	3,597,321
Total expense 2023	\$ 6,953,182	6,122,847	5,358,788	719,785	19,154,602	7,072,844	2,195,694	28,423,140	
Total expense 2022	\$ 7,014,818	6,141,217	4,522,493	647,868	18,326,396	4,557,400	2,363,198		25,246,994

See accompanying notes to consolidated financial statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Consolidated Statement of Cash Flows

Year ended June 30, 2023

(With comparative totals for year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,653,419	2,351,923
Adjustments to reconcile change in net assets to net cash:		
Provided by operating activities:		
Depreciation and amortization	2,757,742	3,597,321
Forgiveness of Paycheck Protection Program Loan	—	(2,768,913)
Bad debt expense	—	210,486
Decrease (increase) in assets:		
Investments	—	461
Restricted investments	294,375	(357,097)
Pledges receivable	(522,128)	485,132
Other receivables	(2,858,238)	(1,389,794)
Inventory	3,486	56,865
Related party receivables	(307,832)	(738,260)
Other assets	85,991	(389,656)
Increase in liabilities:		
Accounts payable and accrued expenses	2,124,568	604,430
Deferred revenue	276,504	464,704
Net cash provided by operating activities	<u>4,507,887</u>	<u>2,127,602</u>
Cash flows from investing activities:		
Purchase of investments	(11,181,793)	—
Purchase of property and equipment	<u>(1,236,499)</u>	<u>(998,658)</u>
Net cash used in investing activities	<u>(12,418,292)</u>	<u>(998,658)</u>
Cash flows from financing activities:		
Payments on notes payable	(317,103)	(306,972)
Payments on the Paycheck Protection Program Loan	<u>(62,989)</u>	<u>(70,678)</u>
Net cash used in financing activities	<u>(380,092)</u>	<u>(377,650)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	(8,290,497)	751,294
Cash and cash equivalents and restricted cash and cash equivalents – beginning of year	<u>16,988,532</u>	<u>16,237,238</u>
Cash and cash equivalents and restricted cash and cash equivalents – end of year	\$ <u>8,698,035</u>	<u>16,988,532</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 120,221	134,303
Supplemental disclosure of noncash investing and financing activities:		
Investment donations	\$ 108,402	481,017
Forgiveness of Paycheck Protection Program Loan	—	2,768,913
Operating lease right-of-use assets and liabilities	190,492	—

See accompanying notes to consolidated financial statements.



## **SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

Year ended June 30, 2023

### **(1) Nature of Operations**

Simon Wiesenthal Center, Inc. (the Center), a nonprofit human rights organization, with a constituency of over 400,000, confronts anti-Semitism and hate, promotes human dignity, defends democracy and freedom, and teaches the lessons of the Holocaust for future generations. The Center was organized in 1977 and incorporated under the laws of the state of California on March 25, 1985 under section 501(c)(3) of the Internal Revenue Code. The Center speaks out against international terrorism and defends the safety of Jews worldwide.

Established in 1977, the Center has become one of the most important global institutions of its kind. Its programs include the Snider Global Action Network, international conferences, exhibitions, missions, Nongovernmental Organization (NGO) status at the United Nations, United Nations Education, Scientific and Cultural Organization (UNESCO), and the Council of Europe. Its educational arm includes the renowned Museum of Tolerance in Los Angeles. The Center's Moriah Films produces documentaries on pivotal events of the 20th and 21st centuries. Each year the Center produces an interactive report on Digital Terrorism and Hate, which surveys problematic postings on the internet and social media. Headquartered in Los Angeles, the Center also maintains offices in New York, Miami, Chicago, Paris, Buenos Aires and Jerusalem.

On March 29, 2010, SWC Roxbury Corp. (Roxbury Corp.) assigned, conveyed and transferred its right, title and interest as a sole corporate member and manager of SWC Roxbury, LLC (Roxbury or Affiliate) to the Center. Roxbury was incorporated under the laws of the state of California on August 28, 2009, as a California limited liability company. Roxbury's purpose is to hold title to real and/or personal property and collect income from such property.

The consolidated financial statements include the accounts of the Simon Wiesenthal Center, Inc., which include the Affiliate (collectively referred to as SWC).

### **(2) Summary of Significant Accounting Policies**

#### **(a) Principles of Consolidation**

The consolidated financial statements include the accounts of the Center and Roxbury because the Center has both control and an economic interest in Roxbury. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as SWC.

#### **(b) Basis of Accounting**

The financial statements of SWC have been prepared on the accrual basis of accounting and accordingly reflect all receivables, payables, and other liabilities.

#### **(c) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). These standards require that SWC

## SIMON WIESENTHAL CENTER, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

Year ended June 30, 2023

report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2023 and 2022, SWC had no donor-imposed restrictions that are perpetual in nature. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **(d) Cash and Cash Equivalents and Restricted Cash and Cash Equivalents**

Cash and cash equivalents include all funds in banks and highly liquid investments in other financial institutions, with initial maturity of three months or less, unless it is restricted for long term purposes. At June 30, 2023 and 2022, SWC has restricted cash and cash equivalents of \$569,874 and \$74,208, respectively.

### **(e) Concentration of Credit Risk**

SWC maintains its cash and cash equivalents in bank deposits at major financial institutions and other investment accounts which may, at times, exceed federally insured limits. SWC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2023 and 2022, cash in bank exceeds the FDIC limit by \$7,940,998 and \$16,312,060, respectively.

### **(f) Contributions**

In accordance with U.S. GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor limitations on the use of the support. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. When the restriction expires in the same period as the contribution, the amount is initially reported as net assets without donor restrictions.

SWC recognizes contributions, including unconditional promises to give, as revenues in the period received. 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. There are no conditional promises to give at June 30, 2023 and 2022.

SWC converts all stock or other security contributions to cash as soon as practical.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

Year ended June 30, 2023

**(g) Special Events**

SWC reports special event revenue net of direct costs (primarily facility rentals and meals). The components of revenue and direct costs are as follows:

	<u>2023</u>	<u>2022</u>
Special event revenue	\$ 3,982,475	4,412,145
Less direct costs	<u>(517,472)</u>	<u>(615,378)</u>
Net revenue from special events	<u>\$ 3,465,003</u>	<u>3,796,767</u>

**(h) Promises to Give**

SWC records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, which may range from 0.52% to 3.79%. Amortization of discounts is recorded as additional contribution revenue annually in accordance with donor-imposed restrictions, if any, on the pledges. Promises to give are written off when deemed uncollectible. For the years ended June 30, 2023 and 2022, allowance for doubtful pledges was \$25,091 and \$94,591, respectively.

**(i) Allowance for Doubtful Accounts**

SWC maintains an allowance for doubtful accounts based on estimated losses in its receivables. When establishing the allowance, management considers the receivable's age, amount, and payment history. SWC reviews its allowance annually.

**(j) Functional Allocation of Expenses**

The costs of providing support services have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Salaries and benefits have been allocated between program and supporting services based on time and level of effort. Professional fees and security have been allocated based on time spent on program and supporting services. Rent and utilities have been allocated based on square footage. General insurance has been allocated based on the number of visitors to the Museum of Tolerance and the administrative office at 1399 Roxbury Drive, respectively. Travel, repairs and maintenance, office expense, printing and postage, meeting expenses, and telephone expenses have been allocated based on usage for program and supporting services.

**(k) Joint Costs**

SWC's direct mailings contain both a program service and fundraising message. If certain criteria are met, joint costs associated with these mailings are allocated between program services and fundraising categories on the basis of the use made of the literature, as determined from its content.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

Year ended June 30, 2023

The portion allocated to each functional expense category is as follows:

	<u>2023</u>	<u>2022</u>
Program services	\$ 1,063,406	930,795
Fundraising	<u>950,031</u>	<u>921,624</u>
Total direct mail costs	<u>\$ 2,013,437</u>	<u>1,852,419</u>

**(l) Rental Income**

Rental income is recognized on a straight-line basis over the term of the lease to the extent that rental income is deemed collectible. Where there is uncertainty of collecting rental amounts, rental income is recognized as the amounts are collected.

**(m) Property and Equipment, Net**

Property and equipment over \$5,000 and a useful life in excess of one year are recorded at historical cost or fair value at date of donation. Major additions, including building and tenant improvements, are capitalized as incurred; repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed over the estimated useful lives of the respective assets by utilizing both the straight-line and accelerated methods. The museum scrolls and certain exhibits are nondepreciable assets. SWC periodically reviews such assets for possible impairments and expected losses, if any, are recorded currently.

**(n) Operating Leases**

SWC adopted the Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* for the fiscal year ended June 30, 2023. Topic 842 requires the recognition of right-of-use assets and lease liabilities on the consolidated statement of financial position. Right-of-use assets represent the Center's right to use the underlying assets for the lease term, and lease liabilities represent the Center's obligation to make the lease payment arising from the leases. SWC has several operating leases for office space and equipment, with lease terms ranging from two to six years. The lease term includes the noncancellable period only, as the Center is not reasonably certain to exercise options to extend the lease. Key estimates and judgments include how SWC determines the discount rate used to discount the unpaid lease payments to present value, the lease term and lease payments. SWC recognizes expense for its operating leases on a straight-line basis over the terms of the respective lease agreements and uses a risk-free rate based on the lease term to determine the present value of lease payments when the implicit rate is not readily available. There are no variable components to the leases. See note 13 for net operating lease costs, the weighted average remaining lease term and discount rate, undiscounted cash flows, and the present value of cash flows.

SWC also leases office space to third parties under agreements that are classified as operating leases under Topic 842. These leases include minimum rents and recoveries of real estate taxes, insurance and other common area expenses. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Estimated recoveries from tenants for their pro-rate share of real estate taxes, insurance, and other common area expenses are recognized as revenues in the period

## **SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

### Notes to Consolidated Financial Statements

Year ended June 30, 2023

the applicable expenses are incurred. The leases term includes the noncancellable period only, as the Center is not reasonably certain that lessees will exercise options to extend the lease. See note 13 for leasing revenue and future rental payments.

#### **(o) Income Taxes**

SWC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 2370(1)(d) of the California Revenue and Taxation Code; therefore, no provision has been made for income taxes.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. SWC recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of SWC does not believe the financial statements include any uncertain tax positions.

#### **(p) Investments**

In accordance with U.S. GAAP, SWC accounts for its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value on the consolidated statement of financial position. SWC records realized and unrealized gains and losses on investments in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

#### **(q) Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **(r) Contributed Services**

A number of unpaid volunteers make significant contributions of their time to aid in SWC's operations and fundraising activities. The value of this contributed time is not reflected in these consolidated financial statements as it does not meet the criteria to record under U.S. GAAP.

#### **(s) Fair Value of Financial Instruments**

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

Long term investments are carried at fair value, which is based on quoted market prices or discounted cash flows due to the lack of market activity. Restricted investments consist of mutual funds that are reported at fair value.

## SIMON WIESENTHAL CENTER, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

Year ended June 30, 2023

Pledges are carried at fair value. The fair value of pledges that 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.

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

### **(t) Effect of Economic Conditions on Contributions**

SWC depends heavily on contributions for its revenue from its 400,000 family constituency. The ability of certain of SWC'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 SWC. While SWC's board of trustees believes SWC has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

## SIMON WIESENTHAL CENTER, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

Year ended June 30, 2023

### **(u) Interest Rate Swap**

To mitigate the risk of interest rate fluctuations associated with SWC's variable rate long-term debt, SWC has implemented an interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings caused by interest rate volatility. SWC's goal is to manage interest rate sensitivity by modifying the repricing characteristics of certain liabilities so that the net-interest margin is not, on a material basis, adversely affected by the movements in interest rates. The interest rate swap is recognized on the consolidated statement of financial position at fair value as other assets. The interest rate swap does not meet the requirements for hedge accounting and is marked to market through interest expense (income) within SWC's consolidated statement of activities and changes in net assets.

### **(v) Recent Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this update replace the incurred loss impairment methodology in the current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective dates for ASU 2016-13 have been updated by ASU 2019-10. The standard is effective for SWC on July 1, 2023. Management is in the process of determining the effect of the standard on its ongoing financial reporting.

### **(w) Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### **(3) Liquidity and Availability**

SWC has a policy to manage its liquidity and reserves by maintaining appropriate levels of liquidity to support its grant making activities and operations. The following table reflects SWC's financial assets (cash

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

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and cash equivalents, investments and pledges and other receivable) as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents and restricted cash and cash equivalents \$	8,698,035	16,988,532
Investments and restricted investments	11,254,250	366,832
Pledges receivable, net	2,580,282	2,058,154
Other receivables	<u>5,532,624</u>	<u>2,674,386</u>
Total	<u>28,065,191</u>	<u>22,087,904</u>
Less amounts unavailable for general expenditures within one year:		
Restricted cash and cash equivalents	569,874	74,208
Restricted investments	62,722	357,097
Restricted pledges receivable, net	<u>1,425,282</u>	<u>1,165,156</u>
Total amounts unavailable for general expenditure within one year	<u>2,057,878</u>	<u>1,596,461</u>
Financial assets available to meet cash needs for general expenditures within one year \$	<u><u>26,007,313</u></u>	<u><u>20,491,443</u></u>

**(4) Fair Value Measurements**

The fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

		<u>2023</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
U.S. Municipal bonds	\$	5,372	—	—	5,372
U.S. Treasury bills		11,182,555	—	—	11,182,555
Israel bonds		—	3,601	—	3,601
Interest rate swap		—	27,520	—	27,520
	\$	<u>11,187,927</u>	<u>31,121</u>	<u>—</u>	<u>11,219,048</u>
		<u>2022</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
U.S. Municipal bonds	\$	4,566	—	—	4,566
Israel bonds		—	5,169	—	5,169
Interest rate swap		—	142,981	—	142,981
	\$	<u>4,566</u>	<u>148,150</u>	<u>—</u>	<u>152,716</u>



**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

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**(5) Term Loan Note**

In 2017, SWC had obtained a \$35,000,000 revolving line of credit with a financial institution secured by a lien on real property and certain personal property, at a variable interest rate, currently at 3%, maturing September 2027. The line of credit was entered into to help fund construction of the Museum of Tolerance, Jerusalem.

On February 26, 2021, SWC entered into a modification agreement, which amended the existing line of credit agreement and converted it to a term loan note maturing on March 1, 2031. As part of the term loan agreement, SWC was required to deposit \$1,178,331 into a bank-controlled interest reserve account for the purposes of paying interest. This amount was funded by SWC Museum Corp. As of March 31, 2023, the deposit has been fully utilized.

The term loan note requires monthly interest on the principal outstanding of 2.41% through March 1, 2026. Commencing April 1, 2026, the term note loan requires through the facility maturity date equal monthly installments of principal over a 25 year amortization period and interest of 3%. On the facility maturity date, the entire remaining principal balance, together with all accrued and unpaid interest is due and payable.

Future principal payments on the term loan note are summarized as follows:

	<u>Amount</u>
Year ending June 30:	
2024	\$ —
2025	—
2026	250,000
2027	1,000,000
2028	1,000,000
Thereafter	<u>22,750,000</u>
Total	\$ <u>25,000,000</u>

**(6) Pledges Receivable, Net**

Promises to give are included in the consolidated financial statements as pledges receivable, net and revenue of the appropriate net asset category. Pledges receivable, net at June 30, 2023 and 2022 are due as follows:

	<u>Amount</u>	
	<u>2023</u>	<u>2022</u>
Less than one year	\$ 1,180,091	987,591
In one to five years	1,575,000	1,210,000
Present value discount	(149,718)	(44,846)
Allowance for uncollectable pledges	<u>(25,091)</u>	<u>(94,591)</u>
Total	\$ <u>2,580,282</u>	<u>2,058,154</u>

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

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**(7) Property and Equipment, Net**

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

	<u>2023</u>	<u>2022</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,500,000	3,500,000	N/A
Building	35,475,725	35,475,725	20 to 31.5
Museum scrolls	1,726,512	1,726,512	N/A
Exhibits	45,022,401	44,666,289	5 to 10
Film	23,058,771	22,618,517	2
Furniture and equipment	8,070,542	8,013,211	5 to 10
Computers	2,148,284	2,148,284	5
Interactive computers	524,817	524,817	7
Interactive CD	260,000	260,000	3
Library books	43,153	43,153	7 to 10
Automobiles	96,860	96,860	5
Building improvements	<u>19,974,966</u>	<u>19,592,164</u>	5 to 10
Total	139,902,031	138,665,532	
Less accumulated depreciation and amortization	<u>115,617,937</u>	<u>112,860,195</u>	
Property, and equipment, net	\$ <u>24,284,094</u>	<u>25,805,337</u>	

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$2,757,742 and \$3,597,321, respectively.

**(8) Notes Payable**

Roxbury has a term note agreement for \$10,000,000 and a seven-year fixed interest rate swap. SWC Museum Corp. (see note 11) is responsible for \$4,715,746 of the loan's balance. In connection with entering and amending the term note, Roxbury recorded deferred loan costs of \$50,473, which will be amortized over the term of the note based on the effective interest method. The term note agreement requires Roxbury to meet certain covenants and prepayment provisions. As of June 30, 2023 and 2022, Roxbury was in compliance with all covenants. For the years ended June 30, 2023 and 2022, interest expense was \$233,790 and \$128,213, respectively, and amortization expense was \$5,047 and \$5,047 for a total of \$238,837 and \$133,260, included in general and administrative expenses on the consolidated statement of activities.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

Year ended June 30, 2023

Future principal payments on note payable are summarized as follows:

	<u>Amount</u>
Year ending June 30:	
2024	\$ 327,558
2025	338,364
2026	349,530
2027	<u>7,007,669</u>
Total	<u>\$ 8,023,121</u>

**(9) Interest Rate Swap**

SWC entered into a seven-year fixed interest rate swap, with an effective date of September 6, 2016, that was based on a one-month SOFR rate versus a 1.31% fixed rate and had a notional value of \$10,000,000. The fair value of the interest rate swap at June 30, 2023 and 2022 was \$27,520 and \$142,981, respectively, and is recorded in other assets in the consolidated statement of financial position. As of June 30, 2023 and 2022, SWC recognized a gain of \$0 and \$328,742, respectively, which is recorded in other income in the consolidated statements of activities.

**(10) Paycheck Protection Program Loan**

SWC received loans in the amount of \$1,720,100 and \$1,299,595 to fund payroll, rent, and utilities through the Paycheck Protection Program (PPP). The PPP Loans are eligible to be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. On February 21, 2022, \$1,469,318 of the \$1,720,100 PPP Loan was partially forgiven and SWC has begun repaying the balance. The PPP Loan for \$1,299,595 was fully forgiven on March 1, 2022.

The SBA reviewed funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors and determined that SWC had a liability of \$250,782. As of June 30, 2023 and 2022, SWC repaid \$62,989 and \$70,678, respectively. The remaining balance of \$117,115 will be repaid over five years with a 1% interest rate. For the year ended June 30, 2023, interest expense was \$1,369 included in general and administrative expenses on the consolidated statements of activities.

	<u>Amount</u>
Year ending June 30:	
2024	\$ 63,608
2025	<u>53,507</u>
Total	<u>\$ 117,115</u>

## SIMON WIESENTHAL CENTER, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

Year ended June 30, 2023

### (11) Related Party Transactions

#### (a) *Legal*

SWC pays a law firm in which a board member has a financial interest. Total fees paid to the law firm for the years ended June 30, 2023 and 2022 are \$0 and \$115,941 respectively. The transactions are approved by the Board of Trustees. There were no amounts payable on June 30, 2023 and 2022.

#### (b) *Receivables*

SWC Museum Corp., a nonprofit corporation, was organized under the laws of the State of California on January 31, 2000, to construct a tolerance museum in Jerusalem. Several members of the SWC board also serve on the board of SWC Museum Corp.

In conjunction with the term loan discussed in note 5, SWC Museum Corp. signed an unsecured promissory note for \$25,000,000 in favor of SWC which remains outstanding on June 30, 2023 and 2022, respectively. The terms of this note mirror the terms of the loan discussed in note 5.

SWC Museum Corp. also signed an unsecured promissory note in favor of the Center for \$4,715,746 as discussed in note 8. The note requires monthly interest on the principal outstanding (SOFR rate plus 2%). The principal due under this note, along with all remaining unpaid interest due hereunder, are payable in full on June 30, 2026.

As of June 30, 2023 and 2022, SWC had other related party receivable of \$2,111,492 and \$1,762,044, respectively, due from SWC Museum Corp. related to other expenses.

#### (c) *Transactions with Roxbury*

During the year ended June 30, 2023 and 2022, the Center received cash donations from Roxbury of \$400,000. As of June 30, 2023 and 2022, there is an outstanding receivable from Roxbury for \$1,585,000 and \$1,635,000 respectively. Both of these amounts have been eliminated upon consolidation.

The Center and the Museum of Tolerance lease 27,620 square feet from Roxbury. The Center paid rent directly to Roxbury of \$745,740 for the years ended June 30, 2023 and 2022. This amount has been eliminated upon consolidation.

#### (d) *Transactions with Friends of Simon Wiesenthal Center for Holocaust Studies*

SWC has an agency agreement with the Friends of Simon Wiesenthal Center for Holocaust Studies (FSWC), a nonprofit organization incorporated without share capital under the laws of Canada. The agency agreement was entered into to act from time to time in matters concerning the assistance, encouragement, promotion, and advancement of human knowledge through the study of and research into the Holocaust. FSWC can direct funding of certain charitable projects and activities utilizing the agent to carry out on its behalf.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

Year ended June 30, 2023

**(12) Net Assets**

Net assets with restrictions are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
For periods greater than one year	\$ <u>1,425,282</u>	<u>1,165,156</u>
Total net assets with donor restrictions	\$ <u><u>1,425,282</u></u>	<u><u>1,165,156</u></u>

**(13) Operating Leases**

**(a) SWC as a Lessee**

SWC leases office space and equipment under operating leases expiring at various dates through August 2027. A right-of-use asset and a lease liability are recognized based on the present value of remaining lease payments over the lease term. SWC used a risk-free rate based on the lease term to determine the present value of lease payments.

Amounts reported in the consolidated statement of financial position as of June 30, 2023 were as follows:

	<u>2023</u>
Operating leases:	
Operating lease Right-of-use assets	\$ 190,492
Operating lease liabilities:	
Lease liability – current	\$ 82,411
Lease liability – noncurrent	<u>108,081</u>
	\$ <u><u>190,492</u></u>

Other information related to leases as of June 30, 2023 were as follows:

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:

    Cash used in operation for operating leases \$ 72,162

ROU assets obtained in exchange for lease obligations:

    Operating leases \$ 190,492

Reductions to ROU assets resulting from reductions to lease obligations

    Operating leases \$ —

Weighted average remaining lease term of operating leases 37 months

Weighted average discount rate of operating leases 3.23 %

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

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Maturities of operating lease liabilities under noncancellable leases as of June 30, 2023 are as follows:

2024	\$	88,535
2025		63,649
2026		19,047
2027		17,338
2028		8,790
Thereafter		<u>6,593</u>
Total undiscounted lease payments		203,952
Less imputed interest		<u>(13,460)</u>
Total lease liabilities	\$	<u><u>190,492</u></u>

**(b) SWC as a Lessor**

SWC leases office space to third parties with five-year lease terms. Components of rental income are as follows:

	<u>Amount</u>	
	<u>2023</u>	<u>2022</u>
Rental income – fixed payments	\$ 521,681	423,476
Rental Income – variable payments	<u>41,222</u>	<u>50,240</u>
Total	\$ <u><u>562,903</u></u>	<u><u>473,716</u></u>

Future minimum rental payments to the Center as are follows:

	<u>Amount</u>
Year ending June 30:	
2024	\$ 559,276
2025	564,768
2026	308,041
2027	<u>142,330</u>
Total	\$ <u><u>1,574,415</u></u>

**(c) Related Party Lease**

As discussed in note 11(c), the Center and the Museum of Tolerance lease space from Roxbury. The lease is for a term expiring August 31, 2025, and has been classified as an operating lease. The total rent expense incurred by the Center and the corresponding rental income earned by Roxbury of \$745,740 has been eliminated in the consolidated financial statements.

## SIMON WIESENTHAL CENTER, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

Year ended June 30, 2023

### (14) Government Grants

SWC met the program restrictions for government grants during the fiscal year and recognized revenue from the following grants.

The Center received a grant from the state of California for \$2,000,000 for the period January 1, 2022 through December 31, 2022 and \$2,000,000 for the period July 1, 2022 through June 30, 2023. The grant was used for training California education professionals (Tools for Tolerance® for Educators). For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$2,478,102 and \$2,150,801 and recognized revenue in the same amount respectively.

The Center received a grant from the state of California for \$1,556,000 for the period April 1, 2022 through December 31, 2022 and \$1,556,000 for the period July 1, 2022 through June 30, 2023. The grant was used for training California Law Enforcement personnel (Law Enforcement Tools for Tolerance® Training). For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$1,640,070 and \$1,823,036 and recognized revenue in the same amount respectively.

The Center received a grant from the New York City Council for \$484,000 for the period July 1, 2021 through June 30, 2022 and \$897,000 for the period July 1, 2022 through June 30, 2023. The grant is being used to teach tolerance to New York City schools as part of its Combat Hate program. For the years ended June 30, 2023 and 2022, the SWC incurred eligible expenses of \$894,887 and \$465,513 and recognized revenue in the same amount respectively.

The Center received a grant from the U.S. Department of Justice, Office of Community Oriented Policing Services in the amount of \$1,099,764 for the period September 1, 2016 through May 31, 2022. The grant is being used for training national law enforcement personnel through its Law Enforcement Tools for Tolerance® Training program. For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$0 and \$385,349 and recognized revenue in the same amount respectively.

The Center received a grant from the State of California Natural Resources Agency for \$9,500,000 for the period April 1, 2022 through October 31, 2025. The grant is being used to design and build an experiential, interactive exhibit on anti-Semitism on the third floor of the Museum of Tolerance. For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$99,207 and \$55,481 and recognized revenue in the same amount respectively.

The Center received a grant from the Department of Homeland Security for \$225,692 for the period October 1, 2020 through March 31, 2023. The grant was used to augment services and treatment for individuals who committed a hate/extremist crime. For the years ended June 30, 2023 and 2022, the SWC incurred eligible expenses of \$187,372 and \$31,147 and recognized revenue in the same amount respectively.

The Center received a grant from the State of California Natural Resources Agency for \$4,900,000 for the period July 1, 2022 through June 30, 2024. The grant is being used for capital improvements at the Museum of Tolerance and to build a Mobile Museum of Tolerance bus to travel throughout the state of California. For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$570,484 and \$0 and recognized revenue in the same amount respectively.

## **SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

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The Center received a grant from the Illinois State Board of Education for \$1,000,000 for the period September 1, 2022 through August 31, 2023. The grant is being used to operate the Mobile Museum of Tolerance bus that travels throughout the state of Illinois. For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$704,415 and \$0 and recognized revenue in the same amount respectively.

The Center received a grant from the City of Los Angeles for \$50,000 for the period November 1, 2022 through January 31, 2023. The grant was used for Museum of Tolerance youth programs. For the years ended June 30, 2023 and 2022, the Center incurred eligible expenses of \$50,000 and \$0 and recognized revenue in the same amount respectively.

### **(15) Defined Contribution Profit Sharing and Retirement Savings Plans**

SWC maintains a 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. SWC has accrued profit sharing contributions and incurred expenses of \$425,597 and \$452,463 in 2023 and 2022, respectively.

SWC also maintains a 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 SWC and each participating employee. In addition, SWC makes nonelective contributions on behalf of certain employees, subject to certain limitations, and incurred expenses of \$232,687 and \$253,022 in 2023 and 2022, respectively.

### **(16) Subsequent Events**

On July 1, 2023, the fixed interest rate swap SWC entered in September 2016 and described in note 9 expired. The swap was not replaced.

On August 15, 2023, the Center and certain board members entered into an agreement with SWC Museum Corp. that tolls the statute of limitations for any claims each party to the agreement might have against one another with respect to disputes regarding the control and management of the Museum of Tolerance Jerusalem, and certain other matters. At this time, the extent to which SWC Museum Corp. or the Company disputes any particular aspect of their relationship is not clear, nor has any particular claim been made or asserted to date.

Starting in 2023, the Center initiated an investment program in short-term U.S. Treasuries to receive a higher return and alleviate credit risk on cash and cash equivalents.

On August 30, 2023, the Center's Board of Trustees amended and restated its bylaws. Among other provisions, the restated bylaws contain express requirements for annual trustee fundraising contributions, limits on the number of consecutive terms a trustee may serve, and sets a cap on the number of trustees that may serve on the Board of Trustees.



**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**

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Effective January 1, 2024, the Center hired James Berk to serve as its Chief Executive Officer. The prior CEO, Rabbi Marvin Hier, had been the Center's founding CEO and Dean since its inception. Rabbi Hier voluntarily retired concurrently with the hiring of Mr. Berk, and now serves as an independent consultant to the Center through December 31, 2025. Rabbi Hier retains the title Founder and Dean Emeritus.

Management has evaluated subsequent events through July 1, 2024, the date the financial statements were available to be issued.