

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Simon Wiesenthal Center, Inc. and Affiliate  
Los Angeles, California

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Simon Wiesenthal Center, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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.

Board of Trustees  
Simon Wiesenthal Center, Inc. and Affiliate

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Simon Wiesenthal Center, Inc. and Affiliate as of June 30, 2020, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter Regarding Prior Period Adjustment***

As described in Note 17 to the financial statements, Simon Wiesenthal Center, Inc. and Affiliate improperly consolidated an entity and recorded pledges that did not meet the requirements of accounting principles generally accepted in the United States of America for financial statement recognition for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Los Angeles, California  
October 19, 2021

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

Cash and Cash Equivalents	\$ 15,854,027
Restricted Cash and Cash Equivalents	451,820
Investments	1,098
Long-Term Investments	9,801
Other Receivables	2,464,721
Pledges Receivable, Net	1,994,311
Related Party Receivable	27,681,982
Inventory	434,175
Property and Equipment, Net	23,204,146
Other Assets	<u>2,767,813</u>
Total Assets	<u><u>\$ 74,863,894</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 3,068,801
Deferred Revenue	1,642,039
Note Payable	8,944,361
Paycheck Protection Program Loan	1,720,100
Line of Credit	<u>22,238,332</u>
Total Liabilities	<u>37,613,633</u>

**NET ASSETS**

Without Donor Restrictions:	
Undesignated	1,343,059
Invested in Property and Equipment	<u>23,204,146</u>
Total Net Assets Without Donor Restrictions	<u>24,547,205</u>
With Donor Restrictions:	
Program Restrictions	11,338,171
Restricted by the Passage of Time	<u>1,364,885</u>
Total Net Assets With Donor Restrictions	<u>12,703,056</u>
Total Net Assets	<u><u>37,250,261</u></u>
Total Liabilities and Net Assets	<u><u>\$ 74,863,894</u></u>

*See accompanying Notes to Consolidated Financial Statements.*

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 9,917,503	\$ 1,900,740	\$ 11,818,243
Government Contracts	5,345,761	-	5,345,761
Education	1,215,595	-	1,215,595
Royalty Revenue	36,081	-	36,081
Interest and Dividend Income	238,150	-	238,150
(Loss) on Investments	(4,676)	-	(4,676)
Rental Income	496,514	-	496,514
Other	27,963	-	27,963
Net Assets Released from Restrictions	<u>2,025,117</u>	<u>(2,025,117)</u>	<u>-</u>
Total Revenue and Support	19,298,008	(124,377)	19,173,631
<b>EXPENSES</b>			
Program Services	17,657,247	-	17,657,247
General and Administrative	3,062,179	-	3,062,179
Fundraising	2,345,483	-	2,345,483
Other Operating Expenses	<u>1,137,508</u>	<u>-</u>	<u>1,137,508</u>
Total Expenses	<u>24,202,417</u>	<u>-</u>	<u>24,202,417</u>
<b>CHANGE IN NET ASSETS</b>	(4,904,409)	(124,377)	(5,028,786)
<b>NET ASSETS, BEGINNING OF THE YEAR BEFORE RESTATEMENT</b>	<u>31,416,242</u>	<u>21,576,308</u>	<u>52,992,550</u>
Prior Period Adjustments	(10,713,503)	-	(10,713,503)
Net Asset Reclassification	<u>8,748,875</u>	<u>(8,748,875)</u>	<u>-</u>
<b>NET ASSETS, BEGINNING OF THE YEAR AS RESTATED</b>	<u>29,451,614</u>	<u>12,827,433</u>	<u>42,279,047</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 24,547,205</u>	<u>\$ 12,703,056</u>	<u>\$ 37,250,261</u>

See accompanying Notes to Consolidated Financial Statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Outreach		Museum		Moriah		Program		Supporting Services		Total
	Social	Public	Diversity	Training	Documentary	Films	Services	General and		SWC	
								Administrative	Fundraising		
Salaries, Payroll Taxes, and Benefits	\$ 3,781,136	\$ 2,560,480	\$ 1,448,124	\$ 575,161	\$ 8,364,901	\$ 1,814,602	\$ 1,059,081	\$ -	\$ 11,238,584		\$ 11,238,584
Professional Fees	342,992	72,969	350,090	40,079	806,130	414,853	194,645	1,087	1,416,715		1,416,715
Security	-	1,006,066	-	-	1,006,066	87,378	-	38,012	1,131,456		1,131,456
Rent and Utilities	160,119	558,165	-	-	718,284	26,667	47,527	135,712	928,190		928,190
Travel	346,032	39,676	302,616	62,756	751,080	-	133,371	-	884,451		884,451
Renewals and Special Appeals	144,608	34,985	-	-	179,593	-	451,628	-	631,221		631,221
General Insurance	325	463,582	-	-	463,907	110,588	-	55,578	630,073		630,073
Interest Expense	-	-	-	-	-	-	-	-	605,135		605,135
Outreach/Public Information Expense	561,515	-	-	-	561,515	-	-	-	561,515		561,515
Repairs and Maintenance	-	472,649	-	1,892	474,541	31,309	-	54,098	559,948		559,948
Office Expense	125,501	21,411	68,314	40,299	253,922	115,469	123,724	20	493,135		493,135
Publications	317,542	-	-	-	317,542	-	-	-	317,542		317,542
Other Museum Expense	-	245,084	10,512	-	255,596	-	-	-	255,596		255,596
Educational and Marketing Materials	-	19,099	231,657	-	253,871	-	-	-	253,871		253,871
Printing and Postage	121,332	14,910	858	1,653	138,753	10,668	48,839	20	198,280		198,280
Credit Card and Bank Fees	-	23,560	-	-	23,560	146,255	-	3,245	173,060		173,060
Information Technology	137,921	2,208	-	-	140,129	-	351	-	140,480		140,480
Bad Debt Expense	-	-	-	-	-	129,000	-	-	129,000		129,000
Special Events	-	-	-	-	-	-	102,101	-	102,101		102,101
Meeting Expenses	-	34,854	86,854	-	86,854	7,907	-	-	94,761		94,761
Licenses and Taxes	-	11,119	-	-	11,119	46,340	-	36,456	93,915		93,915
Development Expense	-	15,565	-	-	53,407	7,611	87,096	-	87,096		87,096
Telephone	31,756	-	2,883	3,203	53,407	-	22,994	-	84,012		84,012
Media Expense	-	-	-	35,414	35,414	-	-	-	35,414		35,414
Depreciation and Amortization	6,070,779	5,561,528	2,501,908	760,457	14,896,184	2,948,647	2,271,357	929,363	21,045,551		21,045,551
	-	55,789	2,254,019	451,255	2,761,063	113,532	74,126	208,145	3,156,866		3,156,866
Total Expense	\$ 6,070,779	\$ 5,617,317	\$ 4,755,927	\$ 1,211,712	\$ 17,657,247	\$ 3,062,179	\$ 2,345,483	\$ 1,137,508	\$ 24,202,417		\$ 24,202,417

See accompanying Notes to Consolidated Financial Statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (5,028,786)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	3,156,866
Bad Debt Expense	129,000
Loss on Investments	4,676
(Increase) Decrease in Assets:	
Pledges Receivable	(432,600)
Other Receivables	(985,063)
Inventory	52,929
Related Party Receivable (Payable)	(26,769,378)
Other Assets	219,483
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	922,094
Deferred Revenue	1,218,702
Net Cash Used by Operating Activities	<u>(27,512,077)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	(3,032,378)
Proceeds from Sale of Investments	2,560,137
Net Cash Used by Financing Activities	<u>(472,241)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Notes Payable	(287,677)
Borrowings on Line of Credit	22,081,100
Borrowings on Paycheck Protection Program Loan	1,720,100
Net Cash Provided by Financing Activities	<u>23,513,523</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (4,470,795)

Cash and Cash Equivalents - Beginning of Year 20,324,822

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 15,854,027

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid During the Year for:	
Interest	<u><u>\$ 190,735</u></u>

**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING  
AND FINANCING ACTIVITY**

Investment Donations	<u><u>\$ 566,946</u></u>
----------------------	--------------------------

*See accompanying Notes to Consolidated Financial Statements.*



**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 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 speaks out against international terrorism and defends the safety of Jews worldwide. Established in 1977, the Center has become one of the largest institutions of its kind in the world. 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 a CD on Digital Terrorism and Hate, which surveys problematic hate on the internet. Headquartered in Los Angeles, the Center also maintains offices in New York, Miami, Chicago, Paris, Buenos Aires and Jerusalem.

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 is a nonprofit human rights organization, which confronts anti-Semitism and hate, promotes human dignity, defends democracy and freedom, and teaches the lessons of the Holocaust for future generations.

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).

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Basis of Accounting**

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

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 the Museum 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, 2020, 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.

**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. At June 30, 2020, SWC has restricted cash and cash equivalents of \$451,820.

**Concentration of Credit Risk**

SWC maintains its cash and cash equivalents in bank deposit 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, 2020, cash in bank exceeds the FDIC limit.

**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 statement of activities as net assets released from 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, 2020.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 range from 0.78% to 2.71%. Amortization of discounts is recorded as additional fundraising revenue annually in accordance with donor-imposed restrictions, if any, on the pledges. Promises to give are written off when deemed uncollectible. For the year ended June 30, 2020, allowance for doubtful pledges was \$55,000.

**Functional Allocation of Expenses**

The costs of providing supporting services have been summarized on a functional basis in the consolidated statement of activities, and in the consolidated statement of functional expenses. Accordingly, salary cost has been allocated between program and supporting services based upon time and level of effort. Certain other costs have been allocated using a reasonable methodology as determined by management.

**Rental Income**

Rental income is recognized on a straight-line basis 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.

**Property and Equipment**

Property, plant and equipment are stated at cost at date of acquisition 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.

**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.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 statements 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.

**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.

**Other Operating Expenses**

SWC records expenses incurred in the normal course of business by Roxbury as other operating expenses in the consolidated statements of activities and changes in net assets. Other operating expenses include general and administrative expenses, interest, depreciation and amortization, and other operating expenses.

**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.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash and cash equivalents, restricted cash, investments, other receivables 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 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.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

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.

**Accounting Pronouncement Adopted**

SWC adopted Financial Accounting Standards Board's Accounting Standard (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Upon application of the ASU there was no impact to The Museum's financial statements.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**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. 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 statements of activities and changes in net assets.

**Risk and Uncertainties**

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic in March 2020. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID19 may impact various parts of its 2021 operations and financial results, including grants. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

SWC has a policy to manage its liquidity and reserves following three guiding principles: maintaining appropriate levels of liquidity, maximizing returns within reasonable and prudent levels of risk, and maintaining or increasing the purchasing power of the investment portfolio in order to support grant making activities. The following table reflects SWC's financial assets (cash and cash equivalents, investments and interest receivable) as of June 30, 2020, reduced by amounts not available for general expenditures within one year:

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

Cash and Cash Equivalents	\$ 16,305,847
Investments	10,899
Pledges Receivable, Net	1,994,311
Other Receivables	<u>2,464,721</u>
Total	20,775,778
Less Amounts Unavailable for General Expenditures Within One Year:	
Restricted Cash and Cash Equivalents	451,820
Pledges Receivable, Net	1,364,885
Program Restrictions	<u>11,338,171</u>
Total Amounts Unavailable for General Expenditure Within One Year	<u>13,154,876</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,620,902</u>

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments at June 30, 2020 consist of:

	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>June 30, 2020</u>				
Equity Securities	\$ 21	\$ 3	\$ -	\$ 24
U.S. Municipal Bonds	5,120	153	-	5,273
Israel Bonds	<u>5,242</u>	<u>360</u>	-	<u>5,602</u>
Total	<u>\$ 10,383</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 10,899</u>

The fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Fair Value
Equity Securities	\$ 24	\$ -	\$ -	\$ 24
U.S. Municipal Bonds	5,273	-	-	5,273
Israel Bonds	-	5,602	-	5,602
Interest Rate Swap	-	(312,582)	-	(312,582)
Total	<u>\$ 5,297</u>	<u>\$ (306,980)</u>	<u>\$ -</u>	<u>\$ (301,683)</u>

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 LINE OF CREDIT**

SWC has 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. At June 30, 2020, the outstanding balance was \$22,238,332.

The line of credit was entered into to fund construction of the Museum of Tolerance, Jerusalem. SWC Museum Corp. entered into an unsecured revolving line of credit promissory note for \$35,000,000 in favor of the Center.

As of June 30, 2020, the Center was in compliance with all covenants.

**NOTE 6 PLEDGES RECEIVABLE**

Promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable at June 30, 2020 are due as follows:

	Amount
Less than One Year	\$ 692,355
In One to Five Years	1,396,645
More than Five Years	50,000
Present Value Discount	(89,689)
Allowance for Uncollectable Pledges	(55,000)
Total	<u>\$ 1,994,311</u>

**NOTE 7 PROPERTY, PLANT, AND EQUIPMENT**

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

	Estimated Useful Life (Years)
Land	N/A
Building	20 to 31.5
Museum Scrolls and Exhibits	5 to 7
Film	2
Furniture and Equipment	5 to 10
Computers	5
Leasehold Improvements	5 to 15
Interactive Computers	7
Interactive CD	3
Library Books	7 to 10
Automobiles	5
Building Improvements	5 to 10
Total	<u>137,785,018</u>
Less: Accumulated Depreciation and Amortization	<u>114,580,872</u>
Property, Plant, and Equipment, Net	<u>\$ 23,204,146</u>



**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)**

Depreciation and amortization expense for the year ended June 30, 2020 was \$3,156,866.

**NOTE 8 NOTES PAYABLE**

Roxbury has a term note agreement for \$10,000,000 and a seven-year fixed interest rate swap. 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.

Future principal payments on note payable are summarized as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 297,165
2022	306,972
2023	317,103
2024	327,558
2025	338,364
Thereafter	<u>7,357,199</u>
Total	<u>\$ 8,944,361</u>

As of June 30, 2020, Roxbury was not in compliance with all covenants.

For the year ended June 30, 2020, interest expense was \$600,088 and amortization expense was \$5,047 for a total of \$605,135 included in other operating expenses on the consolidated statement of activities.

**NOTE 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 LIBOR 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, 2020 was \$(312,582), and is recorded in other assets in the consolidated statement of financial position. As of June 30, 2020, SWC recognized a loss of \$421,312, which is recorded in interest expense within other operating expenses in the consolidated statement of functional expenses.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN**

SWC received a loan in the amount of \$1,720,100 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 16, 2020 to October 1, 2020, is the time that a business has to spend their PPP Loan funds. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on SWC's financial position.

**NOTE 11 COMMITMENTS**

SWC leases facilities and equipment under operating leases expiring at various dates through August 2025. Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,110,364
2022	926,990
2023	879,029
2024	769,374
2025	124,290
Total	<u>\$ 3,810,047</u>

Rent expense for the year ended June 30, 2020 was \$949,796, of which \$745,740 is eliminated upon consolidation because it is paid to related parties.

Rent expense paid to Roxbury by the Center and the Center's Museum of Tolerance for year ended June 30, 2020 was \$745,740. Rent expense paid to Roxbury is eliminated upon consolidation. The Center's lease requires monthly rent of \$62,145 and expires August 2025.

SWC has an agency agreement with the Friends of Simon Wiesenthal Center for Holocaust Studies (the Friends of SWC), a nonprofit organization incorporated without share capital under the laws of Canada. The agency agreement was entered into to assist Friends of SWC with administrative functions and mutually agreed upon projects.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 COMMITMENTS (CONTINUED)**

SWC has operating leases expiring at various dates through August 2025 and includes a lease with Roxbury. As of June 30, 2020, future minimum rental income under the existing leases that have remaining noncancelable terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,224,878
2022	1,119,569
2023	1,014,971
2024	1,020,356
2025	404,398
Thereafter	23,380
Total	<u>\$ 4,807,552</u>

**NOTE 12 RELATED PARTY TRANSACTIONS**

The Center and the Museum of Tolerance lease 27,620 square feet from Roxbury. The Center paid rent directly to Roxbury for the year ended June 30, 2020 of \$745,740. This amount has been eliminated upon consolidation. The Center's lease requires monthly rent of \$62,145 and expires August 2025.

During the year ended June 30, 2020, the Center received cash donations from Roxbury of \$400,000. This amount has been eliminated upon consolidation.

As of year ended June 30, 2020 there is an outstanding receivable from Roxbury for \$1,735,000. This amount has been eliminated upon consolidation.

SWC Museum Corp. entered into an unsecured revolving line of credit promissory note for \$35,000,000 in favor of the Center. At June 30, 2020, the outstanding balance was \$22,238,332.

SWC Museum Corp. signed an unsecured promissory note for \$4,663,391 in favor of the Center. The note requires monthly interest on the principal outstanding (LIBOR 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. These charges will be reimbursed to the Center.

As of June 30, 2020, SWC had total related party receivable of \$27,681,982 due from SWC Museum Corp. related to the revolving line of credit promissory note, unsecured promissory note, and other expenses.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 13 NET ASSETS**

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

Subject to Expenditure for Specified Purpose:	
Support, Production, and Operations of Educational Films	<u>\$ 11,338,171</u>
Subject to the Passage of Time:	
For Periods Greater than One Year	<u>1,364,885</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 12,703,056</u></u>

**NOTE 14 GOVERNMENT GRANTS**

During the year ended June 30, 2020, the Center received a grant from the State of California for \$1,556,000 for the period July 1, 2020 through March 31, 2021 and recognized revenues of \$1,222,965, which represents approximately 6.3% of total revenue, gains, and support, which the Center used for training California Law Enforcement personnel (Law Enforcement Tools for Tolerance® Training).

During the year ended June 30, 2020, the Center received a grant from the State of California for \$2,000,000 for the period July 1, 2020 through March 31, 2021 and recognized

revenues of \$1,595,452, which represents approximately 8.3% of total revenue, gains and support, which the Center used for training California education professionals (Tools for Tolerance® for Educators).

During the year ended June 30, 2019, the Center received a grant from the California Office of Emergency Services (OES) for \$125,000 for the period October 1, 2018 through March 31, 2020. The grant was used for the workshops on preventing violent extremism. As of June 30, 2020, the Center recognized revenue of \$78,148, which represents approximately 0.4% of total revenues, gains and support.

During the year ended June 30, 2017, 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 October 31, 2021. The grant is being used for training national law enforcement personnel through its Law Enforcement Tools for Tolerance® Training program. As of June 30, 2020, the Center recognized revenues of \$116,935, which represents approximately 0.6%, of total revenue, gains, and support.

During the year ended June 30, 2018, SWC received a grant from the State of California for \$10,000,000 for the period July 1, 2018 through June 30, 2021. The grant will be used to renovate the Social Lab exhibit at the Museum of Tolerance Los Angeles. As of June 30, 2020, SWC recognized revenue of \$2,064,686, which represents approximately 10.7% of total revenues, gains and support.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 GOVERNMENT GRANTS (CONTINUED)**

During the year ended June 30, 2020, SWC received a grant from the State of Illinois for \$1,000,000 for the period July 1, 2019 through June 30, 2021. The grant will be used to build a Mobile Museum of Tolerance bus to travel throughout the State of Illinois. As of June 30, 2020, the SWC recognized revenue of \$267,575, which represents approximately 1.4% of total revenues, gains and support.

**NOTE 15 ALLOCATION OF JOINT COSTS**

The Center'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.

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

Program Services	\$ 717,236
Fundraising	850,548
Total Direct Mail Costs	<u>\$ 1,567,784</u>

**NOTE 16 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 \$441,515 in 2020.

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 \$211,528 in 2020.

**NOTE 17 PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION OF NET ASSETS**

Net assets as of June 30, 2019 have been restated to correct reporting errors, including removing an improperly consolidated entity and pledges that do not meet the requirements for financial statement recognition. The effect of the restatement for assets were decreases in cash and cash equivalents, pledges receivable, property and equipment, and other assets. Additionally, for liabilities, there were decreases in accounts payable and deferred revenue. Had these items been properly recorded, the net assets would have decreased by \$10,713,503 for the year ended June 30, 2019. The restatement for July 1, 2019 is as follows:

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 17 PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION OF NET ASSETS  
(CONTINUED)**

	As Previously Reported	Adjustments	As Restated
<u>Statement of Financial Position</u>			
Cash and Cash Equivalents	\$ 29,746,091	\$ (9,421,269)	\$ 20,324,822
Restricted Cash and Cash Equivalents	451,324	496	451,820
Investments	1,087	11	1,098
Long-Term Investments	2,011,337	(11)	2,011,326
Other Receivables	2,100,377	(620,719)	1,479,658
Pledges Receivable, Net	3,186,167	(932,168)	2,253,999
Related Party Receivable	912,604	-	912,604
Inventory	487,104	-	487,104
Property and Equipment, Net	23,369,356	(40,722)	23,328,634
Other Assets	3,124,277	(136,981)	2,987,296
Total Assets	<u>\$ 65,389,724</u>	<u>\$ (11,151,363)</u>	<u>\$ 54,238,361</u>
Accounts Payable and Accrued Expenses	\$ 2,529,699	\$ (382,992)	\$ 2,146,707
Deferred Revenue	478,205	(54,868)	423,337
Related Party Payable (Receivable)	-	-	-
Note Payable	9,232,038	-	9,232,038
Line of Credit	157,232	-	157,232
Total Liabilities	<u>12,397,174</u>	<u>(437,860)</u>	<u>11,959,314</u>
Net Assets	<u>52,992,550</u>	<u>(10,713,503)</u>	<u>42,279,047</u>
Total Liabilities and Net Assets	<u>\$ 65,389,724</u>	<u>\$ (11,151,363)</u>	<u>\$ 54,238,361</u>

SWC misclassified building fund, property and equipment, and endowment funds under the category of net assets with donor restrictions. Upon further review, it was determined that these funds were without donor restriction.

**NOTE 18 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 19, 2021, the date the financial statements were available to be issued.

SWC drew an additional \$2,761,668 on its revolving line of credit and lent it to SWC Museum Corp. under the unsecured revolving line of credit promissory note.

**SIMON WIESENTHAL CENTER, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 18 SUBSEQUENT EVENTS (CONTINUED)**

Effective March 1, 2021, SWC entered into a second modification agreement, which amended the credit agreement maturing September 2027, and a Term Loan Note with a bank to fund construction of the Museum of Tolerance, Jerusalem, modifying the outstanding revolving line of credit balance of \$25,000,000 to a term loan with a facility maturity date of March 1, 2031. The Term Loan Note requires monthly interest on the principal outstanding of 2.41% through March 1, 2026. SWC was required to deposit \$1,178,331 into a bank-controlled interest reserve account. This new account was set up by SWC Museum Corp. 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. SWC Museum Corp. signed an unsecured Term Loan Note for \$25,000,000 in favor of SWC. SWC Museum Corp. will also reimburse SWC for all attorneys' fees and costs to obtain the loan.

On January 5, 2021, SWC applied for forgiveness on the PPP loan for \$1,720,100.

On January 26, 2021, SWC received a second PPP loan in the amount of \$1,299,595. On July 16, 2021, SWC applied for forgiveness of this PPP loan.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

