

UNITED STATES
HOLOCAUST
MEMORIAL
MUSEUM

**PERFORMANCE & ACCOUNTABILITY
REPORT**

FISCAL YEAR 2010

October 1, 2009 – September 30, 2010

November 15, 2010

PERFORMANCE AND ACCOUNTABILITY REPORT

Fiscal Year 2010

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Message from the Director

When the Museum opened in 1993, its founders knew that its message was timeless, but they could not have imagined that in the 21st century it would become even more timely. As a *living* memorial to the victims of the Holocaust, the Museum teaches the history and lessons of the Holocaust and encourages leaders and citizens to confront hatred, prevent genocide, promote human dignity and strengthen democratic values.

In a world with increasing ethnic violence and extremism, rising anti-Semitism, and continuing genocide, our work has never been more urgent. We believe that our programs for teachers, law enforcement officers, the judiciary, the military, the clergy, and diplomats as well as concerned citizens help people understand the powerful lessons that history holds for our own times.

Through its on-site programs, outreach activities, and Web site, the Museum is reaching millions of Americans as well as a growing international audience each year with these stark lessons: evil is not eradicable; indifference has consequences; freedom requires responsibility. Inspired by the survivors, challenged by our times, and gratified by the continued high demand for our programs, the Museum will continue in Fiscal Year 2011 to bring these lessons to millions more.



Sara J. Bloomfield
Director

Statement of Assurance

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

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



Sara J. Bloomfield
Director

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Management's Discussion and Analysis

September 30, 2010

(Unaudited)

Introduction

This report, *Management's Discussion and Analysis*, provides an overview of the financial position and results of activities of the United States Holocaust Memorial Museum (the Museum) for the fiscal years ended September 30, 2010 and 2009 (FY 2010 and 2009). This information should assist readers of these statements in better understanding the Museum's financial position and operating activities.

As America's national institution for Holocaust education and remembrance, the Museum brings the history and lessons of the Holocaust to individuals from all walks of life through educational outreach, teacher training, traveling exhibitions, and scholarship.

The Museum is a public-private partnership which receives an annual Federal appropriation, as well as private donations. The Federal appropriation primarily supports the basic operations of the Museum facility, which is a national memorial. The private (nonappropriated) funding primarily supports educational programming, scholarly activities, and outreach.

The Museum is an independent establishment of the United States Government (*Public Law 106-292 – October 12, 2000*) and is governed by a board of trustees known as the United States Holocaust Memorial Council (the Council). The Council has 65 voting members and three nonvoting members. Of the voting members, 55 are appointed by the President of the United States, five are appointed from among Members of the U.S. House of Representatives, and five are appointed from among members of the U.S. Senate. Of the three nonvoting members, one appointment is made by each of the Secretaries of the Departments of the Interior, State, and Education. Presidentially appointed members serve five-year terms; Members of Congress serve until the end of the Congressional term.

Performance Goals and Results

Having achieved extraordinary success in its first ten years, the Museum established a strategic plan that provides a vision and framework for its activities through its second decade. The Museum had 58 established objectives for FY 2010 related to education, remembrance, research, and infrastructure support. The Museum met or exceeded 30 objectives, partially met 15 objectives, deferred the targeted completion dates on eight objectives, and one objective was not met. Four of the performance report items are statistical measures of activity for which the Museum did not set targets.

Financial Statements Summary

The Museum's financial position remained strong at September 30, 2010, with total assets of approximately \$319.6 million and total liabilities of approximately \$25.5 million. Net assets, which represent the residual interest in the Museum's assets after liabilities are deducted, are \$294.1 million, a 3% increase from the prior fiscal year. The increase in net assets is primarily attributable to investment appreciation.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Management's Discussion and Analysis

September 30, 2010

(Unaudited)

Statement of Financial Position

Contributions Receivable

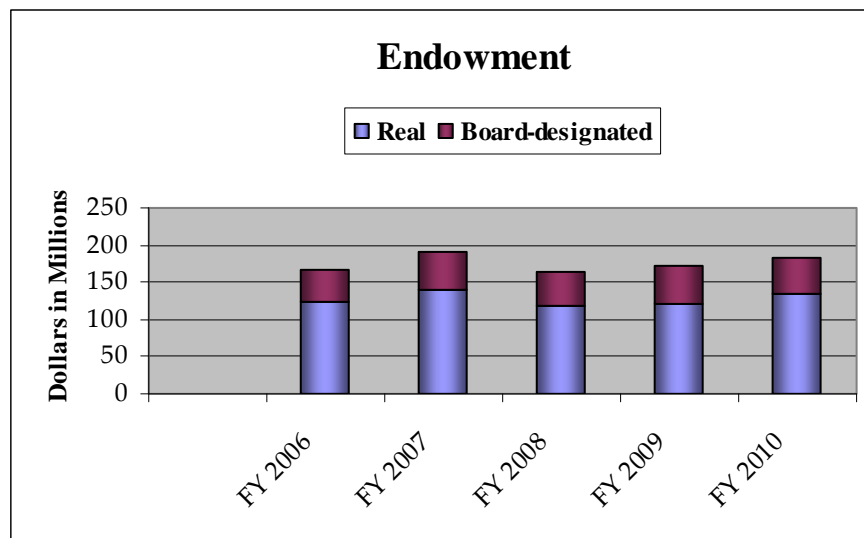
The Museum has gross contributions receivable of \$19.8 million. Of these receivables, \$3.8 million are current and \$16.0 million are due after one year. The receivable amount net of allowance for doubtful accounts and discounts to present value is \$17.4 million.

Long-Term Investments

Long-term investments are the largest of the noncurrent assets and consist mainly of donated securities and the investment of endowment funds. The current Museum investment policies call for an asset allocation of 60 (-20 / +10) percent in equities, 30 (-15 / +15) percent in fixed income, and ten (0 / +10) percent in alternatives for endowment investments. Included in the Museum's interpretation of equity and fixed income strategies are investments in limited partnerships, limited liability companies, and trusts that seek a diverse range of equity and fixed income positions.

With the assistance of a highly qualified investment consultant, the Museum closely monitors all investments by meeting periodically with individual investment managers, reviewing related management reports including independently audited statements, daily monitoring public sources for issues of concern with these firms, and continually assessing performance benchmarks and risk indicators.

The endowment market value, \$186.8 million, has increased by 9% from last fiscal year. As outlined in the footnotes, the endowment consists of both board-designated and real endowments which are pooled for investment purposes. As of September 30, 2010 and 2009 the board-designated endowment balance was approximately \$50.0 million and \$50.8 million, and the real endowment balances totaled approximately \$136.8 million and \$120.7 million, respectively.



(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Management's Discussion and Analysis

September 30, 2010

(Unaudited)

Performance

The annual return for the pooled endowment fund this year was 10.8%. Included in the calculation of this performance figure are realized and unrealized gains/losses along with investment income.

Property and Equipment

Property and equipment is \$89.0 million and consists of buildings and improvement (\$125.5 million), the permanent exhibition and other exhibitions (\$40.4 million), furniture and equipment (\$16.9 million), leasehold improvements (\$1.6 million), less accumulated depreciation of \$95.4 million.

Liabilities

Liabilities consist primarily of accounts payable, accrued expenses and unexpended appropriations. Total liabilities are \$25.5 million.

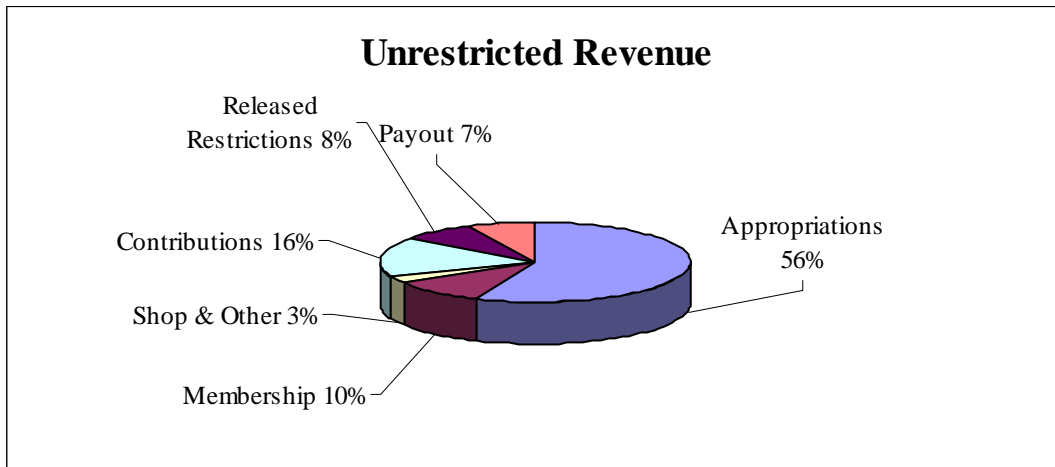
Net Assets/Federal Equity

The Museum has total equity of \$294.1 million of which approximately \$118.0 million is permanently restricted, and approximately \$35.9 million is temporarily restricted by donors. The Museum's equity includes investments in the Museum buildings and exhibitions.

Statement of Activities

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

Nonappropriated sources in FY 2010 and 2009 provided 44% and 48% of unrestricted revenues. Museum expenditures increased \$6.4 million (8%) from FY 2009 primarily due to FY 2009 decreased spending which resulted from a six month delay of the approved Federal budget. Program services comprise 70% of these expenditures. The charts that follow provide details.



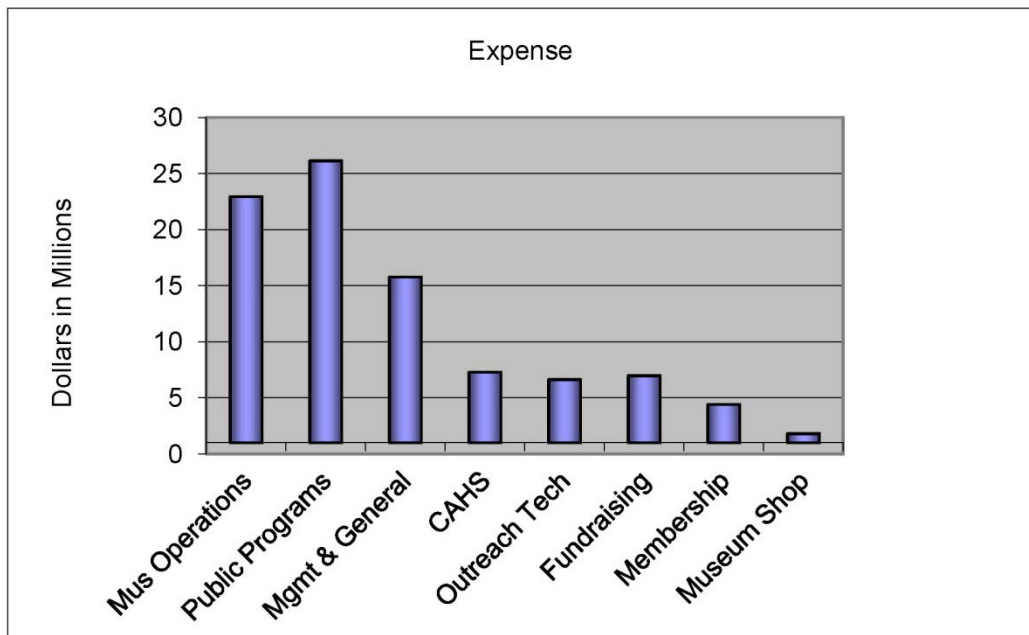
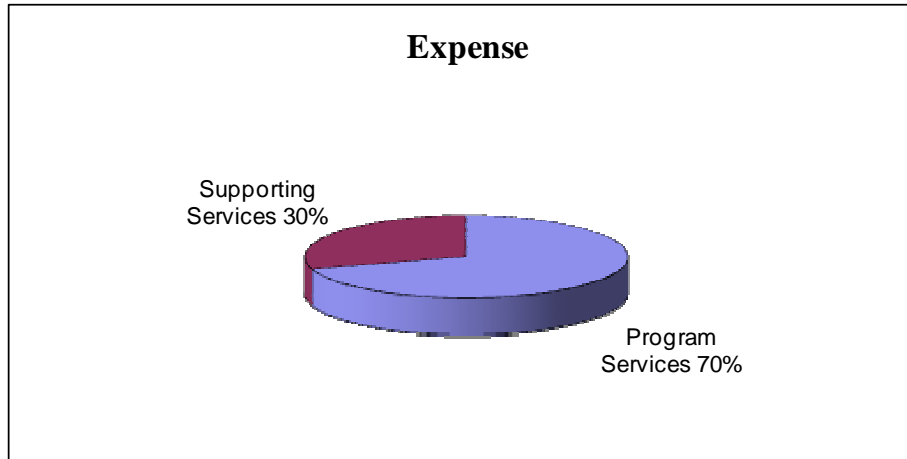
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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Management's Discussion and Analysis

September 30, 2010

(Unaudited)



Management Integrity: Controls and Compliance

The Museum maintains a comprehensive management control program through the activities of its internal auditor and the Council's Audit Committee, the review and monitoring efforts of its legal staff, and ongoing proactive improvement efforts made by its management staff.

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

- The financial reporting is reliable.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Management's Discussion and Analysis

September 30, 2010

(Unaudited)

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

In addition to these efforts, the Museum has also been accredited by the American Association of Museums. In going through the accreditation process, qualified museum professionals conducted a thorough independent evaluation of all aspects of the Museum, including a review of management controls.

The Director's Statement of Assurance, as required under the *Federal Manager's Financial Integrity Act*, attests to these and other Federal requirements for financial management.

Investment in Fundraising

The Museum continues to make significant investments in fundraising operations in support of the Museum's programs and endowment. These activities include membership, planned giving, and major gift officer operations. Annually, Museum management reviews and evaluates each specific fundraising activity to ensure that the levels of expenditures are fully justified and are resulting in the desired return on investment. Museum officials are available to discuss this work upon request.

Limitations of the Federal Financial Statements

The financial statements have been prepared to report the financial position and results of operations of the Museum, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the Museum in accordance with U.S. generally accepted accounting principles. The Federal schedules included in the supplementary information are in addition to the financial reports used to monitor and control budgetary resources and were prepared from the same books and records. The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

Future Concerns and Issues

As the lessons of the Holocaust become increasingly relevant to our own times, the demand for the Museum's programs has been growing nationally and internationally. While the current level of funding covers the basic operating costs of the Museum facility, the Museum depends on private support for educational programming and outreach. As demand for these programs increases and the Holocaust recedes in time, it is increasingly critical to secure the financial future of the institution hence the Museum continues to make a significant commitment to building the institution's endowment.

PROGRAM PERFORMANCE REPORT

VISION

As a living memorial to the Holocaust, the United States Holocaust Memorial Museum envisions a world in which people confront hate, prevent genocide, and promote human dignity.

MISSION STATEMENT

The United States Holocaust Memorial Museum is America's national institution for the documentation, study, and interpretation of Holocaust history, and serves as this country's memorial to the millions of people murdered during the Holocaust.

The Holocaust was the state-sponsored, systematic persecution and annihilation of European Jewry by Nazi Germany and its collaborators between 1933 and 1945. Jews were the primary victims – six million were murdered; Gypsies, the handicapped, and Poles were also targeted for destruction or decimation for racial, ethnic, or national reasons. Millions more, including homosexuals, Jehovah's Witnesses, Soviet prisoners of war, and political dissidents, also suffered grievous oppression and death under Nazi tyranny.

The Museum's primary mission is to advance and disseminate knowledge about this unprecedented tragedy; to preserve the memory of those who suffered; and to encourage its visitors to reflect upon the moral and spiritual questions raised by the events of the Holocaust as well as their own responsibilities as citizens of a democracy.

Chartered by a unanimous Act of Congress in 1980 and opened on April 26, 1993 adjacent to the National Mall in Washington, D.C., the Museum strives to broaden public understanding of the history of the Holocaust through multifaceted programs: exhibitions; research and publication; collecting and preserving material evidence, art, and artifacts related to the Holocaust; annual Holocaust commemorations known as Days of Remembrance; distribution of educational materials and teacher resources; and a variety of public programming designed to enhance understanding of the Holocaust and related issues, including those of contemporary significance.

PERMANENT STRATEGIC IMPERATIVES

To ensure the Museum's ongoing resonance as the Holocaust recedes in time, we must secure its stature, influence, and resources by focusing on these imperatives and strategies:

Remembrance and Education

- Preservation of the memory of the victims of the Holocaust
- Global awareness of the Holocaust
- Quality Holocaust education in American secondary schools and higher education
- The Holocaust as a vital field of academic study in the United States and abroad

Applying the Lessons of the Holocaust

- Professions that safeguard society understand the lessons of the Holocaust and the implications for their roles and responsibilities and act on them
- An engaged citizenry that understands the lessons of the Holocaust and the implications for their roles and responsibilities and acts on them.
- Effective response to contemporary antisemitism and Holocaust denial grounded in our mandate to preserve Holocaust memory and prevent genocide.
- Effective genocide prevention and response

SHORT-TERM STRATEGIC GOALS

Protect and Strengthen the Core and Impact of the Living Memorial

Rescuing the Evidence

- Address gaps in evidence on victims, witnesses, collaborators, perpetrators
- Improve accessibility of collections
- Secure a facility for future growth of the collection

Expanding, Diversifying and More Effectively Engaging our Audiences

- Refresh the Permanent Exhibition; redo the Web site; and employ new technologies
- Implement a national programming plan to strengthen constituency relationships and build new audiences in order to expand presence and impact in key cities and regions
- Refine and implement plans for targeted audiences to achieve greatest systemic impact and change
- Enhance the Museum's global presence

Secure the Future of the Memorial Museum

- Build the endowment to \$400 million
- Build a program for foundation and corporate fundraising
- Improve stewardship of key constituencies (survivors, donors, Council, former Council, Congress)
- Further strengthen governance processes
- Implement strategies for improved human capital management

Use of Non-Federal Parties

The United States Holocaust Memorial Museum is a public-private partnership and as such employs staff with both Federal and non-appropriated funds. Both Federal and non-appropriated employees contribute to accomplishing the mission of the Museum and subsequently to the content of this report. No outside contractors were used to prepare the report.

Impact of FY 2010 Results on Future Performance Plans

The Museum has begun a major year-long project in FY 2011 to completely rewrite the detailed action plans, targets, and timelines to implement the updated strategic plan for FY 2012 and beyond. The results of FY 2010 will inform this process.

Format of the Performance Report

The report is grouped under the mission goals that were in place prior to the FY 2010 revision of the strategic plan. Future editions will be organized under the two mission goals now shown in the strategic plan and outlined on the preceding page. Reporting elements required by OMB circular A-11 are outlined below:

Comparison of actual performance with projected level of performance – This information is contained in the “Results / Status” column of the report for each indicator for each performance objective. Where the results do not describe status as exceeded, met, partially met, deferred, or canceled it is an indication that no specific targets were established for that objective/activity.

Explanation of reasons for unmet objectives – This information, where required, is identified in the results descriptions.

Description of plans to meet unmet objectives in the future – The FY 2011 and future performance plans address any plans to extend unmet objectives into the future.

Evaluation of FY 2011 performance plan – This information is contained under “Impact of FY 2010 Results on Future Performance Plans.”

Budget authority applied – the summary report pages include information on expenditures and obligations associated with each of the mission goals from both appropriated and non-appropriated sources (appropriated figures do not include unpaid obligations). These figures are based on budget execution reports and do not represent accrual-basis accounting data as is shown in the accompanying audited financial report. This information is based on a cross-walk of the organizationally based budget execution reports to corresponding strategic goals and is not based on cost-accounting at the transaction level. The FY 2009 comparison figures have been revised from those shown in the FY 2009 PAR to reflect minor organizational changes in FY 2010.

Availability of Additional Information

Additional information about the FY 2010 accomplishments and about the programs and public resources of the United States Holocaust Memorial Museum is available from:

- The USHMM Web site at <http://www.USHMM.org>
- James Gaglione, Budget Officer, 202. 314.0336; jgaglione@ushmm.org

SUMMARY ANNUAL PERFORMANCE REPORT

Consolidated status of all objectives

Budget authority applied:

	FY 2010	FY 2009*
Federal	\$48,000,000	\$ 46,200,000
Non-appropriated**	33,600,000	33,500,000
Total	\$81,600,000	\$ 79,700,000

*FY 2009 amounts are revised to reflect organizational changes in FY 2010

** Non-appropriated amounts exclude unpaid orders.

Status of objectives:

	FY 2010 Results		FY 2009
No specific targets	4	7%	9%
Met or exceeded targets	30	52%	51%
Partially met targets	15	26%	22%
Deferred	8	14%	6%
Not met	1	2%	12%

Major Accomplishment Highlights:

- Days of Remembrance ceremony in the Capitol Rotunda included a national tribute to Liberators with 100 in attendance
- Completed the transfer of 141 million document images from the International Tracing Service collection
- 90,000 visitors from 34 states and 12 countries made personal pledges in the *From Memory to Action* exhibition on genocide prevention
- Added Web site translations in Korean and Bhasa Indonesia and expended translated content in eleven other languages
- Launched mobile communication effort for education and fundraising
- Engaged a broad range of audiences nationwide through educational outreach programs for students, teachers, military, government officials, and others
- Five traveling exhibitions on view in 24 communities in 16 states
- CAHS negotiated a partnership agreement and began developing scholarly programs on the Holocaust in the former Soviet Union with the Higher School of Economics in Moscow.
- Raised \$28.6 million for annual fund and \$2.7 million in endowment

GOAL: Protect and strengthen the core of the living memorial

Budget authority applied to this goal:

	FY 2010	FY2009*
Federal	\$36,100,000	\$32,100,000
Non-appropriated**	8,400,000	8,800,000
Total	\$44,500,000	\$40,900,000

*FY 2009 amounts are revised to reflect organizational changes in FY 2010

** Non-appropriated amounts exclude unpaid orders.

Status of objectives:

	FY 2010 Results		FY 2009
No specific targets	4	17%	16%
Met or exceeded targets	13	57%	60%
Partially met targets	5	22%	16%
Deferred	1	4%	4%
Not met	0	0%	4%

Major objectives:

- Operate the Museum and improve visitor services
- Rescue the evidence of the Holocaust
- Engage new audiences in Days of Remembrance
- Shape the emerging field of Holocaust studies

Highlights:

- Days of Remembrance ceremony in the Capitol Rotunda included a national tribute to Liberators with 100 in attendance
- Distributed DOR planning guide on CD / DVD in all 50 states and 35 countries
- Web site visitation grew 30% over FY 2009
- Began major elevator rehabilitation project
- Completed the Permanent Exhibition monitor replacement project.
- Added 319 new collections from 19 countries and 5 million pages of archival documents
- Completed the transfer of 141 million document images from the International Tracing Service collection
- Digitized 2.5 million pages of collections material
- CAHS negotiated a partnership agreement and began developing scholarly programs on the Holocaust in the former Soviet Union with the Higher School of Economics in Moscow.
- Former CAHS fellows published 22 books in the last year and won several prestigious academic awards.
- CAHS organized and led several special two-week summer seminars, including one on “Sephardic Jewry and the Holocaust” and one entitled “Seminar for Advanced Undergraduate, M.A., and Early Ph.D. Students: Introduction to the International Tracing Service Collection at the United States Holocaust Memorial.”

GOAL: Enhance the nation’s moral discourse

Budget authority applied to this goal:

	FY 2010	FY 2009*
Federal	\$4,200,000	\$6,600,000
Non-appropriated**	6,600,000	6,900,000
Total	\$10,800,000	\$13,500,000

*FY 2009 amounts are revised to reflect organizational changes in FY 2010

** Non-appropriated amounts exclude unpaid orders.

Status of objectives:

	FY 2010 Results		FY 2009
No specific targets	0	0%	7%
Met or exceeded targets	10	77%	64%
Partially met targets	2	15%	14%
Deferred	1	8%	0%
Not met	0	0%	14%

Major objectives:

- Effectively use the Committee on Conscience to respond to contemporary genocide
- Increase the base of citizens with knowledge of the Holocaust
- Improve Holocaust teaching at the secondary level
- Improve the distribution of support to underserved communities
- Serve as a catalyst for professions of leadership
- Use the Wexner Center to enhance visitor engagement
- Extend the impact of the Permanent Exhibition

Highlights:

- 90,000 visitors from 34 states and 12 countries made personal pledges in the *From Memory to Action* exhibition
- 395,105 visitors viewed the special exhibition *State of Deception: the Power of Nazi Propaganda* and 2 million visited the companion Web site
- Added Web site translations in Korean and Bahasa Indonesia and expended translated content in eleven other languages
- Began complete redesign of Web site
- Surpassed goal for first year of training program for U.S. judges
- Engaged a broad range of audiences nationwide through educational outreach programs for students, teachers, military, government officials, and others
- Five traveling exhibitions on view in 24 communities in 16 states

GOAL: Secure the future of the Memorial Museum

Budget authority applied to this goal:

	FY 2010	FY 2009*
Federal	\$7,700,000	\$7,500,000
Non-appropriated**	18,600,000	17,800,000
Total	\$26,300,000	\$25,300,000

*FY 2009 amounts are revised to reflect organizational changes in FY 2010

** Non-appropriated amounts exclude unpaid orders.

Status of objectives:

	FY 2010 Results		FY 2009
No specific targets	0	0%	4%
Met or exceeded targets	7	32%	35%
Partially met targets	8	36%	31%
Deferred	6	27%	19%
Not met	1	5%	12%

Major objectives:

- Undertake fundraising efforts to fulfill the strategic plan and integrate fundraising plans with programmatic priorities
- Enhance perception of the Museum as an institution that teaches the lessons of the Holocaust and encourages leaders and citizens to confront hate, prevent genocide, promote human dignity and strengthen democracy
- Position the Museum to anticipate and benefit from opportunities that support the mission
- Pursue continuous improvement and excellence in financial and human capital management, information technology support, and Museum management and governance

Highlights:

- Raised \$28.6 million for annual fund and \$2.7 million in endowment
- Launched mobile communication effort for education and fundraising
- Upgraded network storage system to facilitate telecommuting via virtualization and improve performance
- Completed financial system upgrade
- Began a major effort to update the strategic plan and annual planning, measurement, and reporting process

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
General Museum operating statistics & objectives		
General Museum statistics (for general information; no specific targets are set)	FY 2009: <ul style="list-style-type: none"> • 1,752,603 visitors <ul style="list-style-type: none"> ▪ 243,800 in groups (14%) <i>corrected result</i> ▪ 665,082 Remember The Children (38%) ▪ 308,248 in Kimmel-Rowan Gallery (18%)- Gallery closed through 1/29/2009 ▪ 289,372 in Wexner Center (17%) • 39,030 volunteer hours worked • 30,501,770 Web site visit 	FY 2010: <ul style="list-style-type: none"> • 1,672,939 visitors <ul style="list-style-type: none"> ▪ 237,732 in groups (14%) ▪ 434,082 Remember The Children (26%) ▪ 395,105 in Kimmel-Rowan Gallery (24%) ▪ 582,477 in Wexner Center (35%) • 33,360 volunteer hours worked • 39,831,969 Web site visit
Provide placement and enrichment opportunities for volunteers and interns (to be compared to previous years)	FY 2009: <ul style="list-style-type: none"> • 248 Newly placed volunteers • 85 Newly placed interns • 11 Enrichment programs offered • 12 Newsletter editions produced 	FY 2010 <ul style="list-style-type: none"> • 215 Newly placed volunteers • 133 Newly placed interns • 25 Enrichment programs offered • 12 Newsletter editions produced
Diversify and improve group visitation	Offer group visits to special exhibitions FY 2009: 123 groups (The Kimmel Rowan Gallery was closed 10/1/08 – 1/29/09) FY 2008: 64 (The Kimmel Rowan Gallery was closed 10/8/07 – 4/24/08 and 8/5/08 – 9/30/08) [Note: revised figures and changed baseline to 2008 due to more accurate counting method as of 2008]	FY 2010: 147 groups for the Kimmel Rowan Gallery

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
General Museum operating statistics & objectives - continued		
Extend the impact of the Permanent Exhibition and provide core programming in the Museum	Complete the PE monitor replacement program by the end of FY 2010 (IT project).	<p>Met: All monitors replaced. Next phase begun: 50% of PE video projectors replaced and 95% of touch-screen monitors in American Response Exhibition have been replaced with flat-panel touch-screen monitors.</p>
	Implement recommendations for changes derived from the evaluation of the PE	<p>Partially met: Of 25 projects identified:</p> <ul style="list-style-type: none"> • 6 are complete • 2 are scheduled for FY 2011 • The remainder will become part of a major PE refresh project at a later date
Maintain the Museum buildings through the repair and rehabilitation program	The repair and rehabilitation program operates on a 5-year project plan but also addresses emergency needs that arise during the year.	<p>Met:</p> <ul style="list-style-type: none"> • Began major elevator rehabilitation project • Substantially completed façade repair work • Rebuilt Museum roof drains • Replaced compressed shelving in Library

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
<p>Rescue the Evidence:</p> <p>Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps (this objective encompasses all areas and types of collections as well as collections management and access)</p>	<p>Develop and implement collecting projects in several US cities, Eastern Europe, and North Africa.</p>	<p>Met: 319 new collections from 19 countries (including the US) and approximately 5 million pages of new archival microfilm collections (bringing the total to 56 million pages).</p>
	<p>Expand and diversify survivor and eyewitness interviews</p>	<p>Met: 195 new eyewitness video interviews in eleven European countries: BiH (Federation), BiH (Republika Srpska), Croatia, Italy, Lithuania, Moldova, Poland, Russia, Serbia, Slovenia, and Ukraine.</p>
	<p>Complete transfer of post-war/displaced person and remaining sections of the ITS archive</p>	<p>Met: Completed in FY 2010, with the acquisition of 3.3 million new images from ITS, bringing the total to more than 141 million images.</p>
	<p>Pursue, in collaboration with both Yad Vashem and the International Tracing Service, the development of name resources of Jewish and non-Jewish victims of the Holocaust. This includes the many existing archival and testimonial collections at USHMM and Yad Vashem as well as the huge collections being shared by the ITS. The goal is to disseminate this name-based information to interested parties.</p>	<p>Met:</p> <ul style="list-style-type: none"> • Continued to extend the names list project by capturing name data from lists and sharing the information with Yad Vashem. • The ITS archive is accessible to researchers using specialized software and within the Museum through a Web browser. • Since opening the ITS collection to the public in January 17th, 2008 there have been more than 12,000 requests for information. Museum staff has answered more than 9,000 requests to date.

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
<p>Rescue the Evidence:</p> <p>Develop a more comprehensive collection that is better able to serve exhibition and research needs and fill identified gaps (this objective encompasses all areas and types of collections as well as collections management and access)</p>	Assess, treat, and rotate Permanent Exhibition artifacts according to the priority list of 438 objects compiled in 2006.	Met: Completed in 2009
	Catalog and provide access to the Museum's music collections.	Met: Completed in FY 2010 with the transfer and cataloging of the remaining 40 items.
	Transfer and integrate published materials held by Curatorial Affairs to the Library according to the schedule prepared in 2009.	Ongoing. During FY 2010, 37 publications were transferred from Curatorial Affairs and Archives with bibliographic cataloging and loaded to OCLC.
	Continue to implement the digital asset management system, and the collections management system. FY10 goals include normalization of data and automation of processes.	<p>Partially met:</p> <ul style="list-style-type: none"> • Data was re-migrated from several fields to provide detailed information regarding collection processing. • Lookup lists have been reviewed, edited, and locked down to assist data entry standardization. • Branch specific collection/item type records have been created to complement the implementation of curatorial unit specific cataloging.
	Improve accessibility of collections (includes increasing functionality of collections management system, creation of digital repository, cataloging, continued digitizing)	<p>Partially met:</p> <ul style="list-style-type: none"> • Unit specific cataloging, known as "tab switching," has been implemented to assist cataloging by providing collection specific entry screens. • Developed and tested a basic collection search tool in advance of a more sophisticated OPAC using Blacklight software. • Developed and funded a cataloging project for the artifact collection. Implementation will begin in FY 2011. • Digitized nearly 2.5 million pages of both microfilm and manuscript collections and acquired appropriate storage devices for all digitized images. • Access to digitized collections has been provided to researchers in the Library
Begin accreditation review process for American Association of Museums 10-year reaccreditation.	Deferred: Postponed to FY 2016 by AAM.	

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	Strategy to achieve objective	Results / Status
Lead the nation in annual Days of Remembrance (DOR) commemoration	<p>Improve outreach to key audiences: military, law enforcement, educators, and college students.</p> <p>Provide printed and online content and resources to citizens and organizations across the nation engaged in DOR commemoration.</p>	<p>Met:</p> <ul style="list-style-type: none"> • 5,000 copies of the 2010 Planning Guide were distributed on CD and DVD to providing easy-to-use, historically accurate, engaging resources to support Holocaust observances throughout the nation. • Distribution reached all 50 states and 35 countries representing a range of military, government, civic and educational institutions. • The CD/DVD was specifically geared towards military personnel knowing that they are the main constituency congressionally mandated to organize annual DoR observances. The CD/DVD was sent to at least 186 military installations, 55 of which were abroad (including several in Iraq, Afghanistan, Germany and Korea).
<p>Center for Advanced Holocaust Studies:</p> <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p>	<p>Print volume 1 and complete entries for volume 2 of an encyclopedia of Nazi killing centers, camps, ghettos, and other detention sites by FY 2010.</p> <p>Complete first 2 volumes of archival studies project on Jewish responses to persecution by FY 2010.</p>	<p>Met: Volume 1 appeared in June 2009 and has won several major awards: 2009 National Jewish Book Award, 2010 Judaica Reference Award, <i>Library Journal's</i> Best of Reference 2009, and <i>Choice</i> magazine 2010 Outstanding Academic Title.</p> <ul style="list-style-type: none"> • All entries for Volume 2 received by 10/31/10. <p>Partially met:</p> <ul style="list-style-type: none"> • Volume 1 appeared in early 2010. • The manuscript for volume 2 will complete in fall 2010 and appear in print in 2011. • The manuscript for <i>Children and the Holocaust</i> is complete and will appear in print in 2011

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	Strategy to achieve objective	Results / Status
<p>Center for Advanced Holocaust Studies:</p> <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p>	<p>Engage 30-50 new university-based scholars in CAHS network of research/teaching activities.</p>	<p>Exceeded:</p> <ul style="list-style-type: none"> • 44 new participants in faculty seminars; 54 new scholars through workshops; 16 new scholars through an offsite conference; 10 new HBCU participants at “Points of Connection” conference; and 2 new scholars through lectures. Total of 98 new scholars • Total of 140 new religious leaders and scholars: 9 new interfaith leaders through CRC program; 35 new religious faculty members through CRC workshop; and 96 new scholars through CRC.
	<p>Facilitate university scholars’ research and teaching work through faculty seminars (2 per year); fellows program (25-30 per year); campus outreach/presence (25-40 presentations per year).</p>	<p>Partially met:</p> <ul style="list-style-type: none"> • 3 faculty seminars with a total of 59 participants. • 30 research fellowships awarded to scholars from 14 states and DC, and 8 foreign countries; 3 graduate student research assistantship awards given to students from 3 states.

GOAL: PROTECT AND STRENGTHEN THE CORE OF THE LIVING MEMORIAL

Strategy to achieve objective	Strategy to achieve objective	Results / Status
<p>Center for Advanced Holocaust Studies, continued:</p> <p>Shape the emerging field of Holocaust studies to promote its excellence and vitality</p>	<p>Build networks of scholars/communities of discourse through 6-10 summer research workshops; symposia; partnered activities offsite.</p>	<p>Met:</p> <ul style="list-style-type: none"> • 5 onsite workshops devoted to antisemitism initiative, Nazi medicine, Sephardim and the Holocaust, Jewish Spaces in contemporary Poland, and ITS. • 1 onsite workshop for religious faculty at Catholic University of America • Development and implementation of online learning platform for seminary and religious faculty. • 1 offsite conference at Shenandoah University
	<p>Undertake programs in USSR, including project with Father Desbois.</p>	<p>Met:</p> <ul style="list-style-type: none"> • Signed agreement and developing cooperative research and scholarly programs with Higher School of Economics in Moscow. • Organized a faculty seminar on the Holocaust in the former Soviet Union, led by Oleg Budnitskii, Zvi Gitelman, and Father Desbois in January 2010. • Hosted several prominent scholars of the Soviet Union in visiting scholars program. • Engaged in archival collection activity in states of the former Soviet Union, with a particular emphasis on the Russian Federation.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Effectively use the Committee on Conscience to respond to contemporary genocide		
Expand the network of citizens who care about genocide	Add content to <i>World is Witness</i> on Google Earth within the Genocide Prevention Mapping Initiative (GPMI).	Met: <ul style="list-style-type: none"> • Posts added to the “preventing genocide” blog on the Museum’s Web site
	Maintain and update <i>From Memory to Action</i> exhibition and Web site and expand research capacity.	Met: <ul style="list-style-type: none"> • 582,477 visitors to the Wexner Center, where <i>From Memory to Action</i> is housed. • 90,000 visitors from 34 states and 12 countries made personal pledges about what they will do to end genocide • Exhibit won awards in juried competitions for best design, best interactive, and information design • COC conducted environmental scan of field of genocide prevention and response to determine field strengths and current gaps
	Conduct seminar on issue related to genocide.	Met: <ul style="list-style-type: none"> • The Museum marked the anniversary of genocide at Srebrenica on July 15 with a conference “Fifteen Years Later: Forward or Backward in the Balkans” Keynote speaker was the Vice President’s national security advisor, and the panel included a survivor of the genocide, a human rights advocate, and the U.S. Ambassador-at-Large for War Crimes Issues.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Effectively use the Committee on Conscience to respond to contemporary genocide - continued		
Expand the reach of the Academy for Genocide Prevention	Follow up with Genocide Prevention Task Force (GPTF) recommendation implementation.	<p>Met:</p> <ul style="list-style-type: none"> • Convened meetings of the Genocide Prevention Working Group in December 2009 and April 2010. The GPWG was created to track the implementation of the GPTF recommendations and draw on GPTF lessons to develop policy recommendations for the U.S. government. • On December 10, the Museum hosted a special program with U. S. Permanent Representative to the UN Susan Rice who discussed her work at the UN and the importance of preventing genocide and mass atrocities. The program highlighted the GPTF report. • During April 2010 Days of Remembrance, Museum Director Sara Bloomfield interviewed Assistant Secretary of State Mike Posner about the challenges of fighting antisemitism and responding to genocide today. • General Roméo Dallaire, former Commander of the UN peacekeeping force in Rwanda also spoke at the Museum for 2010 Days of Remembrance. He addressed the importance of increasing the will and capacity in government to respond to genocide today.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives		
<p>Use special exhibitions, the Web site and related programs / products to stimulate dialogue / discourse</p> <p>Present traveling exhibitions and related programs / products nationwide</p> <p>Use the Wexner Learning Center to enhance visitor engagement with the history and legacy of the Holocaust</p>	<p>Implement <i>Propaganda</i> initiative with special programming for targeted audiences such as student newspaper editors and journalists.</p>	<p>Met:</p> <ul style="list-style-type: none"> • Special exhibition, <i>State of Deception: the Power of Nazi Propaganda</i> had 395,105 visitors during FY 2010. More than 16,000 visitors received guided exhibition tours. • 2 million visitors to companion Web site. • Initiative programs conducted for: <ul style="list-style-type: none"> ▪ More than 1,000 university-level students of journalism, media studies, public diplomacy, and public policy ▪ More than 40 university professors of history, media studies, sociology, and university staff administering leadership activities on campus ▪ 435 high school students, including special tours in conjunction with the Journalism Education Association and National Scholastic Press Association’s Fall High School Journalism Convention ▪ 40 military personnel, including senior officials studying and analyzing strategic communication at the National Defense University and the Army Directed Studies Office ▪ 125 White House Fellows ▪ More than 30 international officials representing the areas of government, policy, diplomacy, and communication ▪ 765 educators from across the country ▪ Journalists and staff from Journalism training institutions

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives – continued		
<p>Use special exhibitions, the Web site and related programs / products to stimulate dialogue / discourse</p> <p>Present traveling exhibitions and related programs / products nationwide</p> <p>Use the Wexner Learning Center to enhance visitor engagement with the history and legacy of the Holocaust</p>	<p>Create Web-based and other products such as videos and podcasts related to the <i>Propaganda</i> initiative.</p>	<ul style="list-style-type: none"> • Developed an online course for journalists on propaganda topics in partnership with The Poynter Institute’s News University • Distributed DVD nationwide for educators incorporating content on propaganda • Distributed Fred Friendly program <i>Words and Actions: The Context and Consequences of Propaganda</i> by Films in the Humanities and Sciences, the leading distributor of college, university, and secondary classroom resources in the United States • Expanded Web site translations in Arabic, Farsi, Turkish, Italian, and Spanish. • Added new content to Web site <ul style="list-style-type: none"> ○ Online module on “Speech, Power, Violence” seminar examines 5 case studies of links between speech and genocide, ethnic, and political violence. ○ New articles published: “What is Propaganda?” and “Incitement to Genocide in International Law”
	<p>Present special exhibitions and associated programs at the Museum and through traveling exhibitions nationwide.</p>	<p>Met:</p> <ul style="list-style-type: none"> • (schedule and status on separate page at the end of this section) • Five exhibitions traveled to 24 cities in 16 states during FY 2010. • Museum information made available to mobile devices in English and 14 foreign languages.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives - continued		
<p>Use special exhibitions, the Web site and related programs / products to stimulate dialogue / discourse</p> <p>Present traveling exhibitions and related programs / products nationwide</p> <p>Use the Wexner Learning Center to enhance visitor engagement with the history and legacy of the Holocaust</p>	<p>Launch the <i>Global Classroom</i>.</p>	<p>Partially met: Established the Global Classroom and Evaluation Division to help expand the Museum's capacity to grow as a global learning institution by helping create systems and resources for institutional global planning, increasing staff capacity for evaluative thinking about learning; and developing tools and techniques that promote large-scale digital learning about the Holocaust.</p>
	<p>Implement an institution-wide national plan for programming in key cities and regions.</p>	<p>Deferred until FY 2011.</p>
	<p>Implement changes based on evaluation of Wexner Learning Center.</p>	<p>Partially met:</p> <ul style="list-style-type: none"> • A new identity for the space and interactive installation has increased visitorship by nearly 150% over last year. • A year-long visitor evaluation conducted during FY10 will be used to make changes and create new opportunities for visitors to engage with the history of the Holocaust and its meaning for today.
	<p>Translate Holocaust Encyclopedia and other Web content into Indonesian and Korean; continue translations into Arabic, Farsi, Urdu, Russian, Portuguese, Turkish, French, Spanish, and Chinese; and produce new content in selected language(s).</p>	<p>Met:</p> <ul style="list-style-type: none"> • Launched Holocaust Encyclopedia in Bahasa Indonesia(the official language of Indonesia). • Translated Holocaust Encyclopedia and other Web content into Korean • Continued translations and added new content in Arabic, Farsi, Urdu, Russian, Portuguese, Italian, Greek, Turkish, French, Spanish, and Chinese.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Status report for special exhibitions:

<u>Exhibition Title/Topic</u>	<u>Target Presentation Dates</u>	Results / Status
<i>GENOCIDE EMERGENCY—Darfur, Sudan: Who Will Survive Today?</i> (Wexner Learning Center)	March 11, 2005 - Indefinitely	On display
<i>Abandoned at Srebrenica: Ten Years Later</i> (Meyerhoff Theater)	July 11, 2005 - Indefinitely	On display; exhibition text updated in July 2010 and presentation retitled <i>Abandoned at Srebrenica: Photographs from the Aftermath</i>
<i>The Nuremberg Trials: What Is Justice?</i> (Wexner Learning Center)	December 20, 2005 - Indefinitely	On display
<i>A Dangerous Lie: The Protocols of the Elders of Zion</i> (Gonda Education Center)	April 21, 2006 - Indefinitely	On display
<i>Standing Up to Genocide Today</i> (Wexner Center)	April 10, 2009 - 2014	On display
<i>State of Deception: The Power of Nazi Propaganda</i> (Kimmel-Rowan Gallery)	January 30, 2009–Fall 2012	On display. Artifact rotations occur quarterly.
<i>State of Deception: The Power of Nazi Propaganda</i> (traveling exhibition)	FY 2010: Conduct exhibition evaluation to inform conceptualization for traveling exhibition	Evaluation firm is under contract; visitor surveys/data collection to begin November 2010
Collaboration/Complicity (Kimmel-Rowan Gallery)	Spring 2013–Fall 2016	Content research ongoing; design concept phase to begin in 3d quarter FY 2011.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives - continued		
<p>Develop programming to increase awareness of contemporary antisemitism and its historical roots</p> <p>Increase capacity to deliver teacher training and resources</p> <p>Extend reach of programs for military, government, law enforcement and other leadership audiences</p> <p>Build network of medical professionals / bioethicists interested in incorporating Holocaust related material in humanities and medical ethics training</p>	<p>Refine and implement plans for working with our targeted audiences (justice, military, religious leaders, etc.) for achieving greatest impact.</p>	<p>Met:</p> <ul style="list-style-type: none"> • Trained 2,500 members of the judiciary in new program to reach all 12,000 judges in the U.S. in the next 5 - 7 years. • Refined and implemented a new youth leadership summer program in the name of Officer Stephen Tyrone Johns. <ul style="list-style-type: none"> ○ Engaged other youth organizations nationally ○ Youth from these communities pledged to reach 10,000 others in 2011. • Developed and began implementing strategy to replicate nationally the Museum’s youth leadership program <i>Bringing the Lessons Home</i>. • Developed a new relationship with the Defense Equal Opportunity Management Institute – serving all branches of the military to strengthen Holocaust remembrance on American bases globally <ul style="list-style-type: none"> ○ Trained more than 300 military officers in FY 2010. • Engaged a new audience of academic deans and provosts from historically black colleges and universities (HBCUs) in the value of Holocaust education <ul style="list-style-type: none"> ○ These new partners from 9 universities have committed to helping the Museum reach 120 HBCUs nationally.

GOAL: ENHANCE THE NATION’S MORAL DISCOURSE

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Carry out the NIHE objectives - continued		
<p>Develop programming to increase awareness of contemporary antisemitism and its historical roots</p> <p>Increase capacity to deliver teacher training and resources</p> <p>Extend reach of programs for military, government, law enforcement and other leadership audiences</p>	<p>Implement evaluation recommendations to expand and diversify the range of perspectives and reach new audiences as part of the Antisemitism initiative.</p>	<p>Met: Museum resources, including the “Voices on Antisemitism” (VoA) podcast series, were made more widely available through redesign of the Museum’s Antisemitism Web pages, translation of podcast transcripts, promotion of the podcast series via Museum social media networks, and creation of learning modules for new audiences based on the podcast series.</p>
<p>Build network of medical professionals / bioethicists interested in incorporating Holocaust related material in humanities and medical ethics training</p>	<p>Increase the number of Museum Teacher Fellows trained to implement Museum education programming.</p>	<p>Met: The year-long Museum Teacher Fellows training program increased its numbers from 246 to 260 fellows.</p>

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Fundraising Activities		
Undertake fundraising efforts to fulfill the Strategic plan over the next decade	FY 2010 targets: \$28,950,000 Annual Fund \$ 5,000,000 Endowment	Not met: FY 2010 results: \$ 28,615,000 Annual Fund \$ 2,678,000 Endowment
	Continuation of endowment campaign from 2009	Deferred: Began feasibility study and started developing a comprehensive campaign plan.
	Launch new Annual Fund marketing campaign for all donor groups: Founders, Wings, Council, Corporate donors and Emerging Leaders and a bequest-focused endowment effort	Met: Launched new annual fund campaign for key constituencies. Legacy of Light Guardians were introduced as a part of the effort to "double our endowment" by securing \$200 million in deferred gift commitments.
	Enhance stewardship and constituency development by strengthening partnership with Museum's National Planning Committee.	Met: Worked with Marketing to develop a comprehensive communications plan and marketing strategy for all aspects of Development - including regional markets.
	Redesign the kiosk to allow for onsite donations and implement a mobile giving platform	Partially met: Kiosk not done. Mobile giving platform launched.
Increase the integration of fundraising plans with programmatic priorities	Complete next Milestone in the conversion from Target's Team Approach to Blackbaud's Enterprise Constituent Relationship Management system with specific focus on membership.	Deferred: The current version of the Blackbaud product does not fulfill Museum needs and new CIO is studying available options.

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Marketing and Communications Activities		
Enhance perception of the Museum as institution that teaches the lessons of the Holocaust and encourages leaders and citizens to confront hate, prevent genocide, promote human dignity and strengthen democracy.	Refine marketing division by hiring 1 or 2 additional staff.	Met: <ul style="list-style-type: none"> • Hired Director of Integrated Marketing Communications • Reorganized existing staff
	Build brand identity for the Museum—to include Web site, Museum initiatives, and signage.	Partially met: <ul style="list-style-type: none"> • New brand identity being incorporated into Web site redesign • Developed signage promoting “texting” for fundraising in Museum and Café.
Position the Museum to anticipate and benefit from opportunities that support the mission and enhance the Museum’s image	Generate positive press coverage around key Museum initiatives such as traveling exhibitions and national programs in key cities and regions and (specifics to be determined).	Met: <p>Obtained greatly increased DOR coverage through expanded outreach to traditional media and use of electronic / social media:</p> <ul style="list-style-type: none"> • 10.5 million reached through Facebook • 15,000 viewers of live Web cast • 40,000 Twitter comments • Coverage in 18 Jewish newspapers • Television coverage on PBS • New York fundraising event covered by major outlets including <i>New York Times</i> and Wall Street Journal • November 2009 Chicago fundraising event covered by ABC, NBC, and major Chicago newspapers and their Web sites
	Enhance and use the Web site as a fundraising, messaging, and educational tool—identify new opportunities for online marketing.	Met: <ul style="list-style-type: none"> • 1.3 million emails sent to Museum constituents, over 305,000 opened. • Over 33,000 individuals engaged in Museum Web activities such as watching a Museum video, signing a memory book, viewing a slide show or visiting the Museum’s social media presence.

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Marketing and Communications Activities – continued		
Position the Museum to anticipate and benefit from opportunities that support the mission and enhance the Museum’s image	Work with Development on comprehensive communications strategy to support fundraising goals-launch new institutional video and develop new fundraising materials including for the endowment.	<p>Partially met:</p> <ul style="list-style-type: none"> • Annual report completed using campaign message “What you do matters”. • Developed Awareness Campaign strategies. • Created text fundraising campaign in the Museum
	Use innovative communications methods to build partnerships, connect with influencers, and steward constituencies—expand online outreach and marketing.	<p>Partially met:</p> <p>Worked with online fundraising specialists to identify “hot button” issues and provide important updates to constituents to raise engagement and ultimately increase financial support.</p>

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Maintain and enhance a robust and meaningful strategic and annual planning process	Develop institution-wide processes and models for ongoing planning, implementation and evaluation for each Museum office.	Partially met: Worked with consultant and completed first stage of a year-long effort to develop a logic model and begin implementation plans.
Pursue continuous improvement and excellence in financial management, human resources management, information technology support, and administration of the Museum.	Based on user feedback and evaluation, expand the functionality of the HR Web site (including integration of employee development tools and information).	Deferred: The project was placed on hold pending IT's enhancement of the intranet and development of a collaborative electronic workspace such as SharePoint or an alternate solution.
	Streamline the payroll processes used by the Museum: <ul style="list-style-type: none"> ▪ 1st quarter – develop an implementation plan with specific milestones and projected roll-out dates 	Partially met: The Director of Human Resources, the Chief Financial Officer, and the acting CIO initially met to develop an implementation plan, but the project was placed on hold pending the hire of a new Chief Information Officer. Since the CIO's arrival in May, a series of meetings have been held including a discussion with a potential payroll provider. To address pending questions, a Request for Information (RFI) is being drafted to get an industry capability assessment for payroll, HR, and timekeeping to deliver a solution for Federal and Donated needs.
	Automate the vendor invoice receipt and approval process.	Deferred while new CIO (hired in 2010) reviews and prioritizes major IT projects.
	Develop an interface between the procurement and accounting systems.	Deferred while new CIO (hired in 2010) reviews and prioritizes major IT projects.

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Provide oversight for major Museum technology systems	Replace the audio-visual delivery system for the PE and other Museum uses.	<p>Met: All monitors replaced. Next phase begun: 50% of PE video projectors replaced and 95% of touch-screen monitors in American Response Exhibition have been replaced with flat-panel touch-screen monitors.</p>
	<p>Redesign the Museum’s Web site including:</p> <ul style="list-style-type: none"> ▪ Re-architecture: information architecture analysis ▪ Content management: implement enterprise content management for parts of the Web site ▪ Standards-based delivery: make more of Web site content available via standards-based and accessible presentations ▪ Search and discovery: Implement an enterprise-wide search, repository and retrieval engine to augment federated solution ▪ Technical infrastructure: upgrade server architecture and operating system 	<p>Partially met:</p> <ul style="list-style-type: none"> • Analysis of technical architecture initiated in cooperation with Web redesign contractor. Additional data is being collected to develop an “as is” architecture which will facilitate building the new architecture. • Creation of Web Redesign Steering Committee formed. • Cross functional and interdisciplinary group discussions conducted. • Contractor began developing content management system using Expression Engine platform. This process will continue to evolve through FY 2011 as a part of overall Web redesign. • Development of a unified search and discovery system for enterprise and Web applications is in its research phase. • USHMM’s Web infrastructure was enhanced in FY 2010 by adding new servers, including a new Web development server. In addition, consolidation of some of the servers and databases that support USHMM Web sites was begun. • Additional enhancements to the technical architecture will continue in order to support the implementation of the new Web site when it becomes ready for release in 2011

GOAL: SECURE THE FUTURE OF THE MEMORIAL MUSEUM

Strategy to achieve objective	FY 2010 activity planned, target or comparison baseline	Results / Status
Provide oversight for major Museum technology systems	Develop mobile delivery platforms for content delivery in the Museum space and to constituents world-wide.	<p>Met:</p> <ul style="list-style-type: none"> • Completed installation of a mobile infrastructure throughout the Museum building. • Cellular signal from one of the four major carriers, Sprint/Nextel, has been activated. • USHMM is currently in the process of establishing licensing agreements with other cellular carriers: Verizon, AT&T and T-Mobile. • Created mobile strategy team and launched the first mobile application projects focusing on fundraising and education
	Enhance performance of the data center, storage, and server infrastructure through server/storage platform virtualization.	<p>Partially met:</p> <ul style="list-style-type: none"> • A new storage system (Assureon from NexSan Technologies) was implemented to support virtualization initiatives. In the last 6 months, this system facilitated the consolidation of storage systems to enhance operational performance and efficiency. • This is an ongoing process that will continue in FY2011 and beyond
	Implement with Human Resources technology systems to support that division’s work processes.	<p>Deferred:</p> <p>No new systems developed in FY 2010 due to other priorities and limited staffing /funding.</p>

United States Holocaust Memorial Museum

United States Holocaust Memorial Council

Internal Auditor
Mel Schwartz
(reports to the Audit Committee)

Director
Sara J. Bloomfield

Chief of Staff
William Parsons

Chief Development Officer
Jordan Tannenbaum

Director, External Affairs
(Incl. strategic planning)
Dara Goldberg

Chief Marketing Officer
Loma Miles

General Counsel
Ronald Cuffe

Senior Program Advisor for Institutional Projects
Arnold Kramer

Chief Financial Officer
Minnie Carmichael

Chief Information Officer
Joe Kraus

Director, Center for Advanced Holocaust Studies
Paul Shapiro

Director, Collections
Michael Grunberger

Director, National Institute for Holocaust Education
Sarah Ogilvie

Director, Committee on Conscience
Michael Abramowitz

Director, Museum Operations and Administration
Tanell Coleman

- Initiative on Holocaust Denial and Antisemitism**
Diane Saltzman
- Survivors Affairs**
Vacant
- Annual Fund & Endowment**
Amy Farrier
- Mid-Atlantic**
Andres Abril
- Midwest**
Jill Weinberg
- New England**
Julie Hock
- Northeast**
Andrea Barchas
- Southeast**
Jack Karako
- Southwest**
Melissa Rubenstein-Gendason
- Western**
Michael Sarid
- Foundations/Corporation**
Vacant
- Planned Giving**
George Hellman
- Administration**
John Fawsett
- Development Systems**
Marianne Haggerty
- Stewardship**
Vacant
- Council Relations**
Jane Miller
- Communications**
Vacant
- Integrated Marketing Communications**
Susan Watson
- Membership**
Dana Weinstein
- Special Events**
Nadia Ficara
- Budget**
Jay Gaglione
- Business Mgmt. / Shop**
Jerry Rehm
- Financial Management**
Vacant
- Procurement**
James Brady
- Application Development**
Robert E. Twitty
- Network Systems**
Angelito Pangilinan
- Technical Services**
Clyde Finley
- Applied Research**
Juergen Matthaues
- International Archival Programs**
Radu Ioanid
- Senior Historian**
Peter Black
- University Programs**
Robert Ehrenreich
- Visiting Scholars**
Suzanne Brown-Fleming
- Collections Services**
Travis Roxlau
- Curatorial Affairs**
Scott Miller
- Digital Collections**
Michael Levy
- Library**
Travis Roxlau (Acting)
- Holocaust Survivors and Victims Resource Center**
Lisa Yavnai
- Exhibitions**
Edward Phillips
- Global Classroom**
Michael Haley-Goldman
- National Planning and Administration**
Kristine Donly
- Leadership Programs**
Lynn Williams
- Teacher Education and Special Programs**
Dan Napolitano
- Policy and Programs**
Jean Freedberg
- Research and Projects**
Bridget Conley-Zilkic
- Equal Employment**
Renee Wilson-Butler (Acting)
- Human Resources**
Antonio Guzmán
- Museum Services**
Brian Burden (Acting)
- Operations**
Kristy Brosius
- Protection Services**
Joseph Rosboschil

Message from the Chief Financial Officer

I am pleased to present the United States Holocaust Memorial Museum's Fiscal Year 2010 *Performance and Accountability Report* which presents both financial and performance information on the Museum's operations in a combined report for the fiscal year ending September 30, 2010. This report satisfies the reporting requirements for the following:

- *Accountability of Tax Dollars Act* of 2002
- *Reports Consolidation Act* of 2000
- *Government Management Reform Act* of 1994
- *Government Performance and Results Act* of 1993
- *Chief Financial Officers Act* of 1990
- *Federal Managers' Financial Act* of 1982
- *Section 2308* of the Museum's authorizing legislation (*36 USC 2302*)

The Museum received an unqualified opinion on its consolidated financial statements for Fiscal Year 2010. These statements fully account for both the Federal and non-appropriated funds.

In the past year, we continued efforts to refine and improve the Museum's consolidated financial system with the goal of providing Museum managers, Council members, Federal oversight officials, and the general public with timely, accurate, and useful financial information.

We remain committed to providing the Museum with the highest levels of financial management services and ensuring the efficiency, economy, and effectiveness of the Museum programs and activities.



Minnie P. Carmichael
Chief Financial Officer
United States Holocaust Memorial Museum



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

Council Members

United States Holocaust Memorial Museum:

We have audited the accompanying statement of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2010, and the related statements of activities, and cash flows (hereinafter referred to as financial statements) for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Museum's 2009 financial statements and, in our report dated November 16, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules in the supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



In accordance with *Government Auditing Standards*, we have also issued our reports dated November 15, 2010, on our consideration of the Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

KPMG LLP

November 15, 2010

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Statement of Financial Position

September 30, 2010

(with summarized information as of September 30, 2009)

	<u>Nonappropriated funds</u>	<u>Appropriated funds</u>	<u>2010 Total</u>	<u>2009 Total</u>
Assets:				
Cash and fund balance with treasury	\$ 2,377,586	15,942,856	18,320,442	14,981,567
Short-term investments	322,564	—	322,564	259,471
Contributions receivable, net	17,431,050	—	17,431,050	21,112,488
Other assets	914,492	226,426	1,140,918	1,217,234
Long term investments	193,293,447	—	193,293,447	176,203,381
Property and equipment, net	77,416,295	11,618,999	89,035,294	93,785,032
Collections (note 2)	—	—	—	—
Total assets	<u>\$ 291,755,434</u>	<u>27,788,281</u>	<u>319,543,715</u>	<u>307,559,173</u>
Liabilities:				
Accounts payable and accrued expenses	\$ 7,722,669	5,693,896	13,416,565	11,031,402
Unexpended appropriations	—	12,039,224	12,039,224	11,582,852
Total liabilities	<u>7,722,669</u>	<u>17,733,120</u>	<u>25,455,789</u>	<u>22,614,254</u>
Net assets:				
Unrestricted:				
Federal cumulative results of operations	—	10,055,161	10,055,161	10,461,881
Program and supporting activities	80,171,577	—	80,171,577	73,264,118
Funds functioning as endowment	50,002,047	—	50,002,047	50,808,610
Total unrestricted net assets	130,173,624	10,055,161	140,228,785	134,534,609
Temporarily restricted net assets	35,903,604	—	35,903,604	34,761,314
Permanently restricted net assets	117,955,537	—	117,955,537	115,648,996
Total net assets	284,032,765	10,055,161	294,087,926	284,944,919
Commitments and contingencies (note 9)	—	—	—	—
Total liabilities and net assets	<u>\$ 291,755,434</u>	<u>27,788,281</u>	<u>319,543,715</u>	<u>307,559,173</u>

See accompanying notes to financial statements.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Statement of Activities

Year ended September 30, 2010

(with summarized information for the year ended September 30, 2009)

	Nonappropriated funds	Appropriated funds	Total unrestricted	Nonappropriated funds		2010 Total	2009 Total
				Temporarily restricted	Permanently restricted		
Support and revenues:							
Federal appropriation revenue	\$ —	48,171,838	48,171,838	—	—	48,171,838	43,438,449
Contributions	14,444,843	—	14,444,843	4,684,171	3,084,567	22,213,581	24,073,218
Membership revenue	8,945,439	—	8,945,439	—	—	8,945,439	9,527,044
Museum shop	1,998,956	—	1,998,956	—	—	1,998,956	2,235,453
Endowment payout	6,259,784	—	6,259,784	1,369,969	603,371	8,233,124	8,327,915
Contributed services	26,442	—	26,442	—	—	26,442	27,166
Imputed financing source	—	1,532,681	1,532,681	—	—	1,532,681	1,246,312
Other	24,455	—	24,455	—	—	24,455	99,955
Net assets released from restrictions:							
Expiration of time restrictions	798,022	—	798,022	(798,022)	—	—	—
Satisfaction of program restrictions	5,892,485	—	5,892,485	(5,289,114)	(603,371)	—	—
Total support and revenues	<u>38,390,426</u>	<u>49,704,519</u>	<u>88,094,945</u>	<u>(32,996)</u>	<u>3,084,567</u>	<u>91,146,516</u>	<u>88,975,512</u>
Expenses:							
Program services:							
Museum operations	3,591,804	22,535,862	26,127,666	—	—	26,127,666	24,301,587
Center for Advanced Holocaust Studies	5,034,013	2,261,548	7,295,561	—	—	7,295,561	7,276,119
Museum and public programs	10,442,349	12,499,280	22,941,629	—	—	22,941,629	20,458,177
Outreach technology	1,897,207	4,734,140	6,631,347	—	—	6,631,347	6,404,299
Museum shop	1,813,274	—	1,813,274	—	—	1,813,274	1,835,931
Total program services	<u>22,778,647</u>	<u>42,030,830</u>	<u>64,809,477</u>	<u>—</u>	<u>—</u>	<u>64,809,477</u>	<u>60,276,113</u>
Supporting services:							
Management and general	7,704,221	8,080,409	15,784,630	—	—	15,784,630	14,348,648
Membership development	4,427,238	—	4,427,238	—	—	4,427,238	4,447,661
Fundraising	6,982,643	—	6,982,643	—	—	6,982,643	6,499,334
Total supporting services	<u>19,114,102</u>	<u>8,080,409</u>	<u>27,194,511</u>	<u>—</u>	<u>—</u>	<u>27,194,511</u>	<u>25,295,643</u>
Total expenses	<u>41,892,749</u>	<u>50,111,239</u>	<u>92,003,988</u>	<u>—</u>	<u>—</u>	<u>92,003,988</u>	<u>85,571,756</u>
Support and revenues over (under) expenses	<u>(3,502,323)</u>	<u>(406,720)</u>	<u>(3,909,043)</u>	<u>(32,996)</u>	<u>3,084,567</u>	<u>(857,472)</u>	<u>3,403,756</u>
Investment return (loss) in excess of endowment payout	<u>9,603,219</u>	<u>—</u>	<u>9,603,219</u>	<u>1,175,286</u>	<u>(778,026)</u>	<u>10,000,479</u>	<u>(2,024,866)</u>
Increase (decrease) in net assets	<u>6,100,896</u>	<u>(406,720)</u>	<u>5,694,176</u>	<u>1,142,290</u>	<u>2,306,541</u>	<u>9,143,007</u>	<u>1,378,890</u>
Net assets – beginning of year	<u>124,072,728</u>	<u>10,461,881</u>	<u>134,534,609</u>	<u>34,761,314</u>	<u>115,648,996</u>	<u>284,944,919</u>	<u>283,566,029</u>
Net assets – end of year	<u>\$ 130,173,624</u>	<u>10,055,161</u>	<u>140,228,785</u>	<u>35,903,604</u>	<u>117,955,537</u>	<u>294,087,926</u>	<u>284,944,919</u>

See accompanying notes to financial statements.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Statement of Cash Flows

Year ended September 30, 2010

(with summarized information for the year ended September 30, 2009)

	Total nonappropriated funds	Appropriated funds	2010 Total	2009 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reconciliation of change in net assets to net cash provided by operating activities:				
Increase (decrease) in net assets	\$ 9,549,727	(406,720)	9,143,007	1,378,890
Adjustments to reconcile net income to net cash provided by operating activities:				
Museum depreciation	2,724,056	1,119,675	3,843,731	3,864,365
Equipment depreciation	635,597	487,457	1,123,054	1,327,067
Exhibition amortization	1,288,727	1,167,391	2,456,118	2,278,242
Realized/unrealized gains on investments	(13,773,694)	—	(13,773,694)	(2,482,717)
Contributions of permanently restricted net assets	(4,519,827)	—	(4,519,827)	(3,232,477)
Change in assets and liabilities:				
Decrease in contributions receivable, net	3,681,438	—	3,681,438	2,828,036
(Increase) decrease in other assets	73,999	2,317	76,316	(210,587)
Increase in unexpended appropriation	—	456,372	456,372	3,363,246
Increase (decrease) in accounts payable and accrued liabilities	880,441	1,504,722	2,385,163	(240,572)
Decrease in deferred revenues	—	—	—	(4,500,000)
Net cash provided by operating activities	<u>\$ 540,464</u>	<u>4,331,214</u>	<u>4,871,678</u>	<u>4,373,493</u>
Cash flows from investing activities:				
Capital expenditures	(165,239)	(2,507,925)	(2,673,164)	(4,203,248)
Purchase of investments	(49,223,978)	—	(49,223,978)	(59,914,724)
Sale of investments	45,844,512	—	45,844,512	58,819,420
Net cash used in investing activities	<u>(3,544,705)</u>	<u>(2,507,925)</u>	<u>(6,052,630)</u>	<u>(5,298,552)</u>
Cash flows from financing activities:				
Permanently restricted contributions	4,519,827	—	4,519,827	3,232,477
Net cash provided by financing activities	<u>4,519,827</u>	<u>—</u>	<u>4,519,827</u>	<u>3,232,477</u>
Net increase in cash	1,515,586	1,823,289	3,338,875	2,307,418
Cash and fund balance with treasury – beginning of year	<u>862,000</u>	<u>14,119,567</u>	<u>14,981,567</u>	<u>12,674,149</u>
Cash and fund balance with treasury – end of year	<u>\$ 2,377,586</u>	<u>15,942,856</u>	<u>18,320,442</u>	<u>14,981,567</u>

See accompanying notes to financial statements.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(1) Organization and Purpose

(a) *Organization and Governance*

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

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

The Museum receives an annual Federal appropriation (see Appropriated Funds – note 8) and was authorized by statute (36 U.S.C. Section 2307) to raise private funds (the nonappropriated Funds) to aid or facilitate the operation and maintenance of the Museum. These financial statements present the financial position, activities, and cash flows of both the appropriated funds and the nonappropriated funds of the Museum.

(b) *Tax-Exempt Status*

The Museum is exempt from income taxation, except for their unrelated business income, under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Museum recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Museum does not believe its financial statements include any uncertain tax positions.

(2) Summary of Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Museum's financial statements are presented in accordance with FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

The statement of financial activity includes certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

information should be read in conjunction with the Museum's financial statements for the year ended September 30, 2009, from which the summarized information was derived.

Significant accounting policies followed are summarized below:

(a) Cash and Fund Balance with Treasury

Cash for nonappropriated funds consists of amounts held in financial institutions for day to day operations. Fund balance with Treasury for appropriated funds consists of funds held by the U.S. Department of Treasury.

(b) Investments

Investments are reported at fair value, with gains and losses included in the statement of activities. Short and long-term investments represent donated securities and the investment of endowment funds.

Short-term investments include money market funds and government securities with maturities of less than one year, consistent with the cash management policy of the Museum. Certain liquid investments are considered noncurrent assets, as they are restricted or intended to be held for long-term purposes.

The whole endowment, consisting of the board-designated and real endowments, is pooled for investment purposes. The endowment pays out an amount for annual support of operations and an amount allowed to be spent for specific purposes based on the trailing 12-quarter fair value averages as calculated using data through June 30th of the preceding year. The difference between the total return on the endowment (i.e., dividends, interest, and net gain or loss) and the current payout is reported as nonoperating income or loss in the statement of activities as investment return (loss) adjusted for the endowment payout.

(c) Contributions

Unrestricted contributions are recorded as unrestricted support in the period received. Unrestricted contributions with payments due in future periods are initially recorded as temporarily restricted support due to inherent time restrictions. Once the contribution becomes due, the temporarily restricted net assets are reclassified to unrestricted net assets and are included in net assets released from time restrictions in the accompanying statement of activities.

Contributions that are restricted for certain programs are initially recorded as temporarily restricted support when received. When donor restrictions are met, the temporarily restricted net assets are reclassified to unrestricted net assets and are included in net assets released from program restrictions in the accompanying statement of activities. Temporarily restricted contributions received during the year for which the restrictions are met during the same year are recorded as both temporarily restricted contributions and net assets released from program restrictions in the accompanying statement of activities.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

Permanently restricted contributions are contributions restricted by donors for the Museum's real endowment and are recorded as permanently restricted support in the year received in the accompanying statement of activities.

(d) Membership

Membership dues are considered contributions and are recognized as revenue in the period received. Total fundraising costs include both membership development and fundraising expenses.

(e) Split-Interest Agreements

Split-interest agreements with donors consist of charitable gift annuities and interest in perpetual trusts. For charitable gift annuities, the assets are recognized at fair value at the date of the annuity agreements. An annuity liability is recognized for the present value of future cash flows expected to be paid to the donor or the donor's designee and contribution revenues are recognized equal to the difference between the assets and the annuity liability. Liabilities are adjusted during the term of the annuities for payments, accretion of discounts and changes in life expectancies. The Museum uses the historical Internal Revenue Service discount rates and tables compiled from the Office of the Actuary of the Social Security Administration for life expectancies.

The interest in perpetual trusts are included in contributions receivable at the present value of the estimated future benefits to be received when the trust's assets are distributed. Contribution revenue is recognized when the Museum is first made aware of their irrevocable interest in a perpetual trust. The receivable is adjusted during the term of the trust for the accretion of discounts, revaluation of the present value of the estimated future payments, and changes in life expectancies. These changes are reported as contribution revenue.

(f) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted to their present value. Conditional promises to give are not recognized in the accompanying financial statements until the conditions have been met.

An allowance for uncollectible contributions is provided based on management's evaluation of potential uncollectible contributions receivable at year-end. The allowance is based on historical data and is applied as a percentage of receivables. Changes in the allowance for uncollectible contributions are recorded as bad debt expense.

(g) Other Assets

Other assets consist primarily of prepayments and inventory from the Museum bookstore (the Museum Shop). The Museum Shop sells Holocaust-related educational materials, such as books and DVDs, to the public. The Museum Shop's inventory was \$356,117 and \$294,313 as of September 30, 2010 and 2009, respectively, and is valued at the lower of cost or market using the first-in, first-out inventory valuation method.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(h) *Property and Equipment*

Furniture and equipment are stated at cost. Depreciation is computed using the straight-line method. Estimated useful lives are three years for computer equipment and five years for furniture and other equipment. The threshold for capitalization for nonexpendable property is \$5,000, renovations and improvements, \$50,000 and exhibitions, \$500,000.

The Museum opened to the public on April 26, 1993. All costs associated with the construction of the Museum, including payments to construction contractors, architect's fees, excavation costs, direct materials and labor, Museum construction management, and interest were capitalized. All interest incurred on borrowed funds through April 26, 1993, was capitalized because the funds were specifically borrowed for the construction of the Museum. On April 26, 1993, depreciation on the Museum commenced and is computed on the straight line basis over 40 years. The exhibitions include the cost to design and construct the permanent exhibition and temporary exhibitions. The permanent exhibition is being depreciated on the straight line basis over 30 or 40 years and temporary exhibitions are amortized on a straight line basis over the life of the exhibition. Renovations and improvements are recorded and depreciated on a straight line basis over 10 years.

The land on which the Museum has been constructed as well as an administrative building are titled in the name of the U.S. government and are not reflected in the accompanying financial statements. The Museum reserves administrative jurisdiction over the property for as long as it is used to carry out the mission of the Museum. The Museum has use of this land and building rent-free in perpetuity.

(i) *Collections*

The Museum acquires its collections, which include works of art, artifacts, archives, film and video, oral histories, and historical treasures, by purchase or by donation. All collections are held for public exhibition, education, or research. The Museum's collection policy includes guidance on the preservation, care, and maintenance of the collections and procedures related to the accession/deaccession of collections items.

In conformity with the practice generally followed by museums, no value is assigned to the collections in the statement of financial position. Purchases of collection items are recognized as reductions in unrestricted net assets in the period of acquisition. Proceeds from deaccessions of collection items are recognized as increases in the appropriate net asset class and are designated for future collection acquisitions.

(j) *Accrued Vacation*

The Museum records an expense and related liability for vacation earned and unpaid at the end of the year for appropriated and nonappropriated employees. This liability is reflected in accounts payable and accrued expenses in the accompanying statement of financial position.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(k) Net Assets

The Museum classifies nonappropriated net assets into three categories: unrestricted, temporarily restricted, or permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by time. Temporarily restricted net assets are contributions with temporary, donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period. Temporarily restricted net assets become unrestricted when the time restrictions expire and/or the funds are used for their restricted purposes and are reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets represent donor-restricted endowments to be held in perpetuity. Some donors require the Museum to reinvest all income earned on investments in the permanently restricted endowment fund, with only the payout, based on the Museum's payout policy, available for expenditure.

(l) Appropriated Funds

The Museum receives an annual appropriation from Congress. Appropriations are used to fund certain Museum expenditures, as determined by the Museum and implemented by management, in conformity with the Museum's congressional mandate. Federal appropriation revenues are classified as unrestricted and are recognized as revenue as expenditures are incurred.

(m) Non-Appropriated Funds

The nonappropriated funds reflect the receipts and expenditures of funds obtained from private sources through various fundraising and membership efforts, investment income, and certain revenue-producing activities related to the operations of the Museum.

(n) Imputed Financing Source

The Museum recognizes the costs of pension and Federal retirement benefits for its Federal employees during their active years of service, even though these costs will ultimately be paid by the Office of Personnel Management. An imputed financing source is recognized equal to this imputed cost in the statement of activities.

(o) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Fair Value of Financial Instruments

The Museum's financial instruments consist of cash, contributions receivable, investments, accounts payable, and accrued liabilities. The carrying amount of the cash, contributions receivable, accounts payable, and accrued liabilities approximated their fair values. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

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

The Museum investments include a significant number of investment funds whose fair market values are reported using the net asset value (NAV) methodology. These funds calculate NAV and operate in all material respects in conformance with AICPA applicable guidelines for investment companies.

For those investments which are valued based on manager reported net asset values, the Museum applies methods and procedures to assess valuation including reviewing pricing techniques utilized by the individual managers, comparing fund performance to relevant market indexes, and evaluating the pricing methods and models utilized by the fund manager. In addition, the members of the Museum's Investment Committee are independent experts in the investment field who provide oversight in the selection and ongoing monitoring of investments.

(q) *Reclassifications*

Certain prior year balances have been reclassified to conform to the current year presentation.

(3) **Fund Balance with Treasury**

	<u>2010</u>	<u>2009</u>
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	\$ 3,179,946	4,342,425
Unavailable	547,762	896,947
Obligated not yet disbursed	<u>12,215,148</u>	<u>8,880,195</u>
Total	<u>\$ 15,942,856</u>	<u>14,119,567</u>

(4) **Investments and Fair Value Measurements**

Investments are professionally managed by outside investment organizations subject to direction and oversight by the Investment Committee of the Museum. The Museum has established investment policies and guidelines that provide for asset allocation and performance objectives.

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

Short-term investments, at fair value at September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 260,058	259,300
Donated stock	62,506	171
Total	<u>\$ 322,564</u>	<u>259,471</u>

Long-term investments, at fair value at September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Investments:		
Portfolio cash	\$ 6,593,947	4,535,408
Domestic equities	56,626,340	52,427,832
International and global equities	40,850,963	37,402,690
Fixed income	49,607,180	46,968,101
Multi-strategy funds	21,570,973	20,113,645
Distressed credit funds	11,151,156	9,496,401
State of Israel Bonds	981,892	750,674
Gift annuity program investments:		
Portfolio cash	161,593	101,755
Domestic equities and fixed income	5,749,403	4,406,875
	<u>\$ 193,293,447</u>	<u>176,203,381</u>

Total operating and nonoperating investment income/(loss) for the years ended September 30, 2010 and 2009 is summarized below:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 4,459,909	3,820,332
Net realized gain/(loss)	7,400,340	(19,268,835)
Net unrealized gain	7,226,990	22,146,696
Investment management fees	(853,636)	(395,144)
Net investment income	<u>\$ 18,233,603</u>	<u>6,303,049</u>
Endowment payout	\$ 8,233,124	8,327,915
Investment return in excess of endowment payout	10,000,479	(2,024,866)
Net investment income	<u>\$ 18,233,603</u>	<u>6,303,049</u>

(Continued)

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

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

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

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2010:

	Fair value as of September 30, 2010	Level 1	Level 2	Level 3
Investments:				
Portfolio cash	\$ 6,593,947	6,593,947	—	—
Domestic equities	56,626,340	33,516,849	23,109,491	—
International and global equities	40,850,963	—	25,933,229	14,917,734
Fixed income	49,607,180	41,514,869	—	8,092,311
Multi-strategy funds	21,570,973	—	—	21,570,973
Distressed credit funds	11,151,156	—	3,920,647	7,230,509
State of Israel Bonds	981,892	981,892	—	—
Gift annuity program investments:				
Portfolio cash	161,593	161,593	—	—
Domestic equities and fixed income	5,749,403	—	5,749,403	—
Interest in charitable trusts – included in contributions receivable	1,160,983	—	—	1,160,983
	<u>\$ 194,454,430</u>	<u>82,769,150</u>	<u>58,712,770</u>	<u>52,972,510</u>

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

The following table presents financial instruments that are measured at fair value on a recurring basis at September 30, 2009:

	Fair value as of September 30, 2009	Level 1	Level 2	Level 3
Investments:				
Portfolio cash	\$ 4,535,408	4,535,408	—	—
Domestic equities	52,427,832	30,204,704	22,223,128	—
International and global equities	37,402,690	—	24,850,426	12,552,264
Fixed income	46,968,101	37,571,143	2,318,119	7,078,839
Multi-strategy funds	20,113,645	—	—	20,113,645
Distressed credit funds	9,496,401	—	3,423,735	6,072,666
State of Israel Bonds	750,674	750,674	—	—
Gift annuity program investments:				
Portfolio cash	101,755	101,755	—	—
Domestic equities and fixed income	4,406,875	—	4,406,875	—
Interest in charitable trusts – included in contributions receivable	969,153	—	—	969,153
	<u>\$ 177,172,534</u>	<u>73,163,684</u>	<u>57,222,283</u>	<u>46,786,567</u>

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

The following table presents the Museum's activity for Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2010 and September 30, 2009:

	<u>Fixed income</u>	<u>International and global equity</u>	<u>Multi- strategy funds</u>	<u>Distressed credit funds</u>	<u>Interest in charitable trusts</u>	<u>Total</u>
Assets:						
Beginning balance October 1, 2008	\$ 3,154,734	10,529,381	17,998,794	2,054,812	590,913	34,328,634
Total gains and losses included in changes in net assets:						
Dividend and interest income	253,789	66,731	—	200,536	—	521,056
Net realized and unrealized gains (losses)	870,316	(43,848)	839,851	869,293	—	2,535,612
Purchases, sales, issuances, settlements	<u>2,800,000</u>	<u>2,000,000</u>	<u>1,275,000</u>	<u>2,948,025</u>	<u>378,240</u>	<u>9,401,265</u>
Ending balance September 30, 2009	<u>\$ 7,078,839</u>	<u>12,552,264</u>	<u>20,113,645</u>	<u>6,072,666</u>	<u>969,153</u>	<u>46,786,567</u>
Total gains and losses included in changes in net assets:						
Dividend and interest income	568,191	109,106	659	332,921	—	1,010,877
Net realized and unrealized gains	455,226	1,338,443	1,548,403	824,922	—	4,166,994
Purchases, sales, issuances, settlements	<u>(9,945)</u>	<u>917,921</u>	<u>(91,734)</u>	<u>—</u>	<u>191,830</u>	<u>1,008,072</u>
Ending balance September 30, 2010	<u><u>\$ 8,092,311</u></u>	<u><u>14,917,734</u></u>	<u><u>21,570,973</u></u>	<u><u>7,230,509</u></u>	<u><u>1,160,983</u></u>	<u><u>52,972,510</u></u>

The following table presents the nature and risk of assets with fair values estimated using net asset value (NAV) as a practical expedient held at September 30, 2010:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
International and global equity	\$ 40,850,963	N/A	daily to semi-annually	none - 75 days
Fixed income	8,092,311	N/A	monthly	10 days
Multi-strategy funds	21,570,973	2,500,000	30 days to ineligible	60 days - ineligible
Distressed credit funds	11,151,156	N/A	quarterly to ineligible	none - ineligible
Domestic equities	23,109,491	N/A	daily to quarterly	none to 15 days
Total	<u><u>\$ 104,774,894</u></u>	<u><u>2,500,000</u></u>		

International and global equity includes five investments in global equities and one long/short equity funds of funds. The fair values in this category have been estimated using the NAV per share of the investment. The Museum obtains independent audited financial statements for these investments at the funds' fiscal year-ends which are then reconciled to the balances reported to the Museum as of the same date.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

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(with comparative information for the year ended September 30, 2009)

Fixed income includes an investment in a limited partnership that invests in below investment grade fixed income securities, with a focus on higher quality issues of the high yield bond market. The fair value in this category is estimated using the NAV per share of the investment. The Museum obtains the independent audited financial statement for this partnership's fiscal year-end which is then reconciled to the balance reported to the Museum as of the same date.

Multi-strategy investments include five funds in multi-strategy, multi-vehicle hedge funds with the objective of maximizing long term, risk adjusted returns and capital appreciation across a broad range of marketable and alternative asset classes. Asset classes include marketable equities, hedged equities, real estate, distressed securities and absolute return strategies. One fund, with a value totaling approximately \$2.4 million, is subject to a 2-year lockup and another fund, with a value totaling approximately \$3.5 million, is closed-ended which will be liquidated at the discretion of the fund manager over a term of approximately four years. The fair values in this category are estimated using the NAV per share of investments. The Museum obtains independent audited financial statements for these investments at the funds' fiscal year-ends which are then reconciled to the balances reported to the Museum as of the same date.

Distressed credit includes two investments, one in public corporate debt and another in senior and super senior structured credit securities including residential, commercial and consumer mortgage backed securities, senior collateralized loan obligations, and non-U.S. securitized assets. One fund, with a value totaling approximately \$7.2 million, is closed-ended which will be liquidated at the discretion of the fund manager over a term of approximately three years. The fair values in this category are estimated using the NAV per share of investments. The Museum obtains independent audited financial statements for these investments at the funds' fiscal year-ends which are then reconciled to the balances reported to the Museum as of the same date.

Domestic equities include investments in mutual and index funds that invest primarily in U.S. common stocks. The fair value of the investments in this category have been based on daily quoted values of the underlying individual stocks or have been estimated on the Museum's ownership in partners' capital as reported by the partnership administrators.

(5) **Split-Interest Agreements**

Split-interest agreements include charitable gift annuities and interests in charitable trusts. The charitable gift annuities are valued at approximately \$5.9 million and \$4.5 million in 2010 and 2009, respectively. These investments are recognized at fair value using quoted market prices. An annuity liability for approximately \$3,522,000 and \$2,675,000 in 2010 and 2009, respectively, is reflected as long term liabilities and represents the present value of future cash flows expected to be paid to the donor or the donor's designee. The revenue and change in value of split-interest agreements recognized for charitable gift annuities was \$481,894 and (\$225,312) in 2010 and \$909,044 and (\$183,237) in 2009.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(6) Contributions Receivable

Contributions receivable in the accompanying statement of financial position as of September 30, 2010 and 2009 included the following unconditional promises to give:

	<u>2010</u>	<u>2009</u>
Amounts due in:		
Less than one year	\$ 3,824,265	2,921,226
One to five years	13,842,987	18,270,088
More than five years	<u>2,110,587</u>	<u>2,348,857</u>
Subtotal	19,777,839	23,540,171
Less:		
Allowance for doubtful accounts	(1,394,679)	(1,070,765)
Discount to present value (1.6% – 4.9%)	<u>(952,110)</u>	<u>(1,356,918)</u>
	<u>\$ 17,431,050</u>	<u>21,112,488</u>

(7) Property and Equipment

At September 30, 2010 property and equipment consisted of the following:

	<u>Non appropriated funds</u>	<u>Appropriated funds</u>	<u>Total</u>
Buildings and capital improvement	\$ 108,904,865	16,605,437	125,510,302
Furniture and equipment	6,696,377	10,274,143	16,970,520
Exhibitions	30,044,836	10,327,067	40,371,903
Leasehold improvements	<u>1,562,428</u>	<u>63,505</u>	<u>1,625,933</u>
Total	147,208,506	37,270,152	184,478,658
Less accumulated depreciation	<u>(69,792,211)</u>	<u>(25,651,153)</u>	<u>(95,443,364)</u>
Total property and equipment	<u>\$ 77,416,295</u>	<u>11,618,999</u>	<u>89,035,294</u>

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

At September 30, 2009 property and equipment consisted of the following:

	Non appropriated funds	Appropriated funds	Total
Buildings and capital improvement	\$ 108,896,449	15,663,862	124,560,311
Furniture and equipment	6,562,342	8,801,284	15,363,626
Exhibitions	30,105,748	10,327,375	40,433,123
Leasehold improvements	1,552,103	63,505	1,615,608
Total	147,116,642	34,856,026	181,972,668
Less accumulated depreciation	<u>(65,217,207)</u>	<u>(22,970,429)</u>	<u>(88,187,636)</u>
Total property and equipment	\$ <u>81,899,435</u>	<u>11,885,597</u>	<u>93,785,032</u>

(8) Appropriated Funds

The fiscal year 2010 and 2009 Federal appropriations totaled \$49,122,000 and \$47,260,000 respectively, which includes appropriations of \$1,264,000 for exhibition design and production and \$1,900,000 for building repair and rehabilitation, for both fiscal years, to be used by the Museum until fully expended. The Museum also received additional funding for a three year appropriation in the amount of \$515,000, for both fiscal years, to be used for equipment replacement.

Below is a reconciliation of the fiscal year 2010 and 2009 Federal appropriations received to Federal appropriations expended:

	2010	2009
Federal appropriation (net of rescissions)	\$ 49,122,000	47,260,000
Cancelled authority	—	(48,269)
Unexpended appropriation – current year	(7,307,309)	(8,669,362)
Amounts obligated in previous years – expended in current year	<u>6,357,147</u>	<u>4,896,080</u>
Federal appropriation revenue	\$ <u>48,171,838</u>	<u>43,438,449</u>

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

Below is a reconciliation of the spending of the fiscal year 2010 and 2009 appropriations:

	<u>2010</u>	<u>2009</u>
Total expenses	\$ 50,111,239	44,933,938
Depreciation and amortization	(2,774,523)	(2,713,637)
Unpaid vacation and other unfunded expenses	(1,672,803)	(1,320,815)
Unexpended appropriation – current year	7,307,309	8,669,362
Amounts obligated in previous years – expended in current year	(6,357,147)	(4,896,080)
Cancelled authority		48,269
Capital expenditures	<u>2,507,925</u>	<u>2,538,963</u>
Federal appropriation	\$ <u>49,122,000</u>	<u>47,260,000</u>

(9) Commitments and Contingencies

The Museum has leases for regional offices, warehouses, and additional office space. These leases expire at various dates through 2017. Annual minimum lease payments due under operating leases in effect at September 30, 2010 are summarized as follows:

2011	\$ 2,256,820
2012	2,255,215
2013	2,247,839
2014	2,282,159
2015	2,074,748
Thereafter	<u>4,361,603</u>
	\$ <u>15,478,384</u>

Rent expense for fiscal year 2010 and 2009 was \$2,780,506 and \$2,664,682, respectively. This amount was comprised of appropriated funds and nonappropriated funds of \$2,432,879 and \$347,627 and \$2,354,781 and \$309,901 in 2010 and 2009, respectively.

(10) Retirement Plans

Although the Museum funds a portion of the pension benefits for its appropriated fund employees under the Civil Service Retirement System and the Federal Employees Retirement System (the Systems) and makes the necessary payroll withholdings from them, the Museum is not required to disclose the Systems' assets or the actuarial data with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting such amounts is the direct responsibility of the United States Office of Personnel Management (OPM). The Museum's expense for these appropriated plans in fiscal year 2010 and 2009 was \$3,023,689 and \$2,657,080, respectively.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

The Museum recognizes the cost of pensions and other retirement benefits during its employees' active years of service. OPM determines pension cost factors by calculating the value of pension benefits expected to be paid in the future, and communicates these factors to the Museum for current period expense reporting. OPM also provides cost factors regarding the full cost of health and life insurance benefits. In fiscal year 2010 and 2009, the Museum, utilizing OPM's cost factors, recognized \$484,402 and \$210,282 of pension expenses, \$1,045,362 and \$1,033,202 of postretirement health benefits expenses, and \$2,917 and \$2,828, respectively, of post-retirement life insurance expenses, beyond amounts actually paid. The Museum recognized offsetting revenue of \$1,532,681 and \$1,246,312 in 2010 and 2009, respectively, as an imputed financing source to the extent these intergovernmental expenses will be paid by OPM.

The Museum sponsors a defined contribution salary deferral 403(b) plan for its nonappropriated fund employees. Starting January 1, 2007, the Museum contributes 8% of annual pay for each eligible employee. In addition, the Museum matches 100% of the participant contributions up to 4% of annual pay. The Museum's expense for the 403(b) plan in 2010 and 2009 was \$1,782,416 and \$1,384,389, respectively.

(11) Federal Employees' Compensation Act Actuarial Liability

The Department of Labor (DOL) provided the Museum with the calculation model and ratios to determine this liability as of September 30, 2010 and 2009. The Museum recognizes the actuarial cost of future Federal Employees' Compensation Act (FECA) benefits. The estimated FECA actuarial liability represents the expected liability of benefits to be paid for death, disability, medical, and miscellaneous costs for approved compensation cases beyond the current fiscal year plus a component for incurred but not reported claims. The estimated future costs are regarded as a liability because neither the costs nor the reimbursements have been recognized by DOL.

The actuarial calculation takes the amount of Museum benefit payments over the last 12 quarters, and calculates the annual average of payments for medical expenses and compensation. This average is then multiplied by the liability-to-benefits-paid ratios for the Government-wide FECA program for fiscal year 2010 and 2009. The fiscal year 2010 and 2009 appropriated actuarial liability is \$177,941 and \$115,888, and the fiscal year 2010 and 2009 nonappropriated actuarial liability is \$379,440 and \$364,953, respectively.

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

An unfunded liability is recorded for future payments to be made for workers' compensation pursuant to FECA. The liability consists of the un-reimbursed cost paid by DOL for compensation paid to recipients under FECA. The costs incurred are reflected as a liability because the Museum will reimburse DOL two years after the payment of expenses by DOL. Future Museum appropriated and nonappropriated funds will be used to reimburse DOL for appropriate payments. The fiscal year unfunded liability for the Museum's appropriated and nonappropriated fund employees is \$15,179 and \$4,020, \$18,271 and \$4,176 in 2010 and 2009, respectively.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(12) Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2010 and 2009 are available for the following programs or periods:

	<u>2010</u>	<u>2009</u>
Contributions to be received in future periods – for general use	\$ 4,026,884	3,807,887
Secure the Future	5,690,641	4,884,667
National Institute for Holocaust Education	10,219,283	10,758,090
Rescue the Evidence	4,590,223	5,634,791
Center for Advanced Holocaust Studies	9,193,785	7,976,750
Committee on Conscience	<u>2,182,788</u>	<u>1,699,129</u>
Total temporarily restricted net assets	<u>\$ 35,903,604</u>	<u>34,761,314</u>

(13) Permanently Restricted Net Assets

At September 30, 2010 and 2009 permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support the following purposes:

	<u>2010</u>	<u>2009</u>
Secure the Future	\$ 80,493,447	80,196,051
National Institute for Holocaust Education	14,273,585	12,513,707
Rescue the Evidence	1,779,372	1,758,234
Center for Advanced Holocaust Studies	18,494,662	18,287,068
Committee on Conscience	<u>2,914,471</u>	<u>2,893,936</u>
Total permanently restricted net assets	<u>\$ 117,955,537</u>	<u>115,648,996</u>

(14) Contributed Services

In-kind contributions of goods and services totaling \$26,442 and \$27,166 were received by the Museum during the fiscal years ended September 30, 2010 and 2009, respectively. This amount has been recognized as revenue and expense in the accompanying statement of activities. In addition to the contributed services recognized in the financial statements, the Museum has more than 650 volunteers, including 95 Holocaust survivors, donating more than 38,000 hours annually. The value of these contributions is not susceptible to objective measurement and does not meet the criteria for recognition of in-kind contributions and, accordingly, is not recognized in the financial statements.

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UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

(15) Endowment

On January 23, 2008, the District of Columbia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which defines a robust set of guidelines about what constitutes prudent spending of endowment funds. The Museum, as an independent establishment of the United States Government, has constitutional immunity from regulation by states as conferred by the Supremacy Clause of the Constitution and as such is not subject to and has not adopted the provisions of UPMIFA.

The Museum's endowment consists of 61 individual funds established for a variety of purposes including donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In accordance with U.S. generally accepted accounting principles, the Museum discloses the activities related to the donor-restricted and board designated endowment funds.

Endowment net assets consist of the following at September 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 14,609,084	8,934,957	113,295,970	136,840,011
Funds functioning as endowment	<u>50,002,047</u>	<u>—</u>	<u>—</u>	<u>50,002,047</u>
Total	<u>\$ 64,611,131</u>	<u>8,934,957</u>	<u>113,295,970</u>	<u>186,842,058</u>

Endowment net assets consist of the following at September 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 3,008,182	7,681,838	109,961,174	120,651,194
Funds functioning as endowment	<u>50,808,610</u>	<u>—</u>	<u>—</u>	<u>50,808,610</u>
Total	<u>\$ 53,816,792</u>	<u>7,681,838</u>	<u>109,961,174</u>	<u>171,459,804</u>

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September 30, 2010

(with comparative information for the year ended September 30, 2009)

Changes in endowment net assets for the year ended September 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2009	\$ 53,816,792	7,681,838	109,961,174	171,459,804
Investment return:				
Investment income	3,187,582	661,797	463,822	4,313,201
Net appreciation	<u>11,842,098</u>	<u>1,961,291</u>	<u>(1,045,482)</u>	<u>12,757,907</u>
Total investment return	15,029,680	2,623,088	(581,660)	17,071,108
Contributions	—	—	4,519,827	4,519,827
Payout of endowment assets for expenditure	(6,259,784)	(1,369,969)	(603,371)	(8,233,124)
Additions to Board Designated	<u>2,024,443</u>	<u>—</u>	<u>—</u>	<u>2,024,443</u>
Endowment net assets, September 30, 2010	\$ <u>64,611,131</u>	<u>8,934,957</u>	<u>113,295,970</u>	<u>186,842,058</u>

Changes in endowment net assets for the year ended September 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2008	\$ 49,804,009	8,552,344	105,658,720	164,015,073
Investment return:				
Investment income	2,394,181	515,546	325,262	3,234,989
Net appreciation	<u>1,676,639</u>	<u>5,162</u>	<u>1,395,668</u>	<u>3,077,469</u>
Total investment return	4,070,820	520,708	1,720,930	6,312,458
Contributions	—	—	3,232,477	3,232,477
Payout of endowment assets for expenditure	(6,285,748)	(1,391,214)	(650,953)	(8,327,915)
Additions to Board Designated	<u>6,227,711</u>	<u>—</u>	<u>—</u>	<u>6,227,711</u>
Endowment net assets, September 30, 2009	\$ <u>53,816,792</u>	<u>7,681,838</u>	<u>109,961,174</u>	<u>171,459,804</u>

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Notes to Financial Statements

September 30, 2010

(with comparative information for the year ended September 30, 2009)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or U.S. generally accepted accounting principles requires the Museum to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$158,069 and \$1,025,456 as of September 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Council. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

The Museum has adopted investment and spending policies that provide a predictable stream of funding to programs while maintaining the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period. Under these policies, as approved by the Museum's Council, endowment assets are invested in a manner to attain an average annual real return (net of management fees) of at least 5%, with adjustments for inflation (as measured by the CPI(U) index), over a period of five years. It is recognized that the real return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investment funds in a 60, 30, and 10% ratio to achieve its long-term return objectives within prudent risk constraints.

The Museum has a policy of distributing each year 5% of its endowment funds' average fair value using the prior 12 quarters through June 30th preceding the fiscal year in which the distribution is planned. In establishing these policies, the Museum considered the expected return on its endowment. Accordingly, the Museum expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

(16) Risks and Uncertainties

The Museum invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(17) Subsequent Events

Management has performed an evaluation of subsequent events through November 15, 2010, which is the date that the financial statements were available to be issued, noting no events which affect the financial statements as of September 30, 2010.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Schedule of Budgetary Resources – Appropriated Funds

Years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Budgetary resources:		
Unobligated balance, brought forward, October 1	\$ 5,239,372	3,902,117
Recoveries of prior year unpaid obligations	37,744	349,009
Budgetary authority: appropriations received	49,122,000	47,260,000
Spending authority from offsetting collections	31,529	42,228
Canceled authority	—	(48,269)
Canceled appropriation – permanently not available	(494,986)	(410,036)
Total budgetary resources	<u>\$ 53,935,659</u>	<u>51,095,049</u>
Status of budgetary resources:		
Obligations incurred	\$ 50,207,951	45,855,677
Unobligated balance – available apportioned	3,179,946	4,342,425
Unobligated balance not available	547,762	896,947
Status of budgetary resources	<u>\$ 53,935,659</u>	<u>51,095,049</u>
Change in obligated balance:		
Obligated balances (net):		
Unpaid obligations, brought forward, October 1	\$ 8,880,195	7,496,401
Obligations incurred (net)	50,207,951	45,855,677
Less gross outlays	(46,835,254)	(44,122,875)
Less recoveries of prior year unpaid obligations (actual)	(37,744)	(349,009)
Obligated balances, (net) end of year	<u>\$ 12,215,148</u>	<u>8,880,194</u>
Net outlays:		
Gross outlays	\$ 46,835,254	44,122,875
Less offsetting collections	(31,529)	(42,228)
Net outlays	<u>\$ 46,803,725</u>	<u>44,080,647</u>

See accompanying independent auditors' report.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Schedule of Net Cost – Appropriated Funds

Years ended September 30, 2010 and 2009

	2010		
	Intra- government	Public	Total
Program costs:			
Museum operations	\$ 4,334,236	18,201,626	22,535,862
Center for Advanced Holocaust Studies	444,255	1,817,293	2,261,548
Museum and public programs	2,434,508	10,064,772	12,499,280
Outreach technology	415,109	4,319,031	4,734,140
Management and general	1,747,405	6,333,004	8,080,409
Net cost of operations	<u>\$ 9,375,513</u>	<u>40,735,726</u>	<u>50,111,239</u>
	2009		
	Intra- government	Public	Total
Program costs:			
Museum operations	\$ 4,093,911	16,475,630	20,569,541
Center for Advanced Holocaust Studies	432,945	1,586,662	2,019,607
Museum and public programs	2,230,617	8,844,731	11,075,348
Outreach technology	412,370	3,538,828	3,951,198
Management and general	1,548,518	5,769,726	7,318,244
Net cost of operations	<u>\$ 8,718,361</u>	<u>36,215,577</u>	<u>44,933,938</u>

See accompanying independent auditors' report.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Schedule of Changes in Net Position – Appropriated Funds

Years ended September 30, 2010 and 2009

	2010		2009	
	<u>Cumulative results of operations</u>	<u>Unexpended appropriations</u>	<u>Cumulative results of operations</u>	<u>Unexpended appropriations</u>
Beginning balances	\$ 10,461,881	11,582,852	10,711,058	8,219,606
Budgetary financing sources:				
Appropriations received (current period)	—	49,122,000	—	47,260,000
Canceled authority	—	—	—	(48,269)
Canceled expired appropriations	—	(494,986)	—	(410,036)
Adjustment	—	1,196	—	—
Appropriations used	48,171,838	(48,171,838)	43,438,449	(43,438,449)
Other financing resources:				
Imputed financing from costs absorbed by others	1,532,681	—	1,246,312	—
Total financing sources	<u>49,704,519</u>	<u>456,372</u>	<u>44,684,761</u>	<u>3,363,246</u>
Total	60,166,400	12,039,224	55,395,819	11,582,852
Net cost of operations	<u>50,111,239</u>	<u>—</u>	<u>44,933,938</u>	<u>—</u>
Ending balances	\$ <u>10,055,161</u>	<u>12,039,224</u>	<u>10,461,881</u>	<u>11,582,852</u>

See accompanying independent auditors' report.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Schedule Reconciling Net Cost of Operations to Budget – Appropriated Funds

Years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Total resources used to finance activities:		
Obligations, offsetting receipts, imputed financing sources	\$ 51,590,390	46,710,751
Change in budgetary resources obligated for goods and services	(1,887,468)	(2,025,648)
Resources that finance the acquisition of capital assets	<u>(2,507,925)</u>	<u>(2,538,963)</u>
Total resources used to finance the net cost of operations	<u>47,194,997</u>	<u>42,146,140</u>
Components requiring or generating resources in future periods:		
Annual leave liability increase	81,162	10,095
Unfunded FECA, NonBudgetary Receivables, Actuarial FECA	60,557	64,066
Components not requiring or generating resources:		
Depreciation and amortization	<u>2,774,523</u>	<u>2,713,637</u>
Total components of the net cost of operations that will not require or generate resources in the current period	<u>2,916,242</u>	<u>2,787,798</u>
Net cost of operations	<u><u>\$ 50,111,239</u></u>	<u><u>44,933,938</u></u>

See accompanying independent auditors' report.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Schedule of Claims Conference Payments

Year ended September 30, 2010

Grant award	Payments
112-30448-7	\$ 3,172
132-30448-8	\$ 2,719
162-30448-9	\$ 1,593
252-30448-19	\$ 70,579
S028-7675	\$ 89,231
S028-7730	\$ 580,674
SWVLP-8135	\$ 233,331
SWVLP-8442	\$ 125,881
Fiscal year 2010 payments to USHMM	\$ <u>1,107,180</u>

See accompanying independent auditors' report.



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Internal Control over Financial Reporting

Council Members

United States Holocaust Memorial Museum:

We have audited the statements of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2010, and the related statement of activities, and cash flows (hereinafter referred to as financial statements) for the year then ended, and have issued our report thereon dated November 15, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Museum is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2010 audit, we considered the Museum's internal control over financial reporting by obtaining an understanding of the Museum's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2010 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



This report is intended solely for the information and use of the Museum's management, Council Members, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 15, 2010



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Compliance and Other Matters

Council Members

United States Holocaust Memorial Museum:

We have audited the statements of financial position of the United States Holocaust Memorial Museum (the Museum) as of September 30, 2010, and the related statement of activities, and cash flows (hereinafter referred to as financial statements) for the year then ended, and have issued our report thereon dated November 15, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Museum is responsible for complying with laws, regulations, and contracts applicable to the Museum. As part of obtaining reasonable assurance about whether the Museum's fiscal year 2010 financial statements are free of material misstatement, we performed tests of the Museum's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts applicable to the Museum. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance described in the preceding paragraph of this report disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

This report is intended solely for the information and use of the Museum's management, Council Members, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 15, 2010