



Financial Statements
Facing History and Ourselves, Inc.
June 30, 2024 and 2023

FACING HISTORY AND OURSELVES, INC.

Financial Statements

Table of Contents

Financial Statements:

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-23



Independent Auditors' Report

Board of Directors
Facing History and Ourselves, Inc.
Boston, Massachusetts

Opinion

We have audited the financial statements of Facing History and Ourselves, Inc. ("Facing History"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Facing History as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CBIZ CPAs P.C.
500 Boylston Street
Boston, MA 02116

Phone: 617.761.0600
Fax: 617.761.0601
cbizcpas.com

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Facing History's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Facing History's ability to continue as a going concern for a reasonable period of time.

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

CBIZ CPAs P.C.¹

Boston, Massachusetts
November 21, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

FACING HISTORY AND OURSELVES, INC.

Statements of Financial Position

June 30,

	2024	2023
Assets		
Cash and cash equivalents	\$ 2,763,011	\$ 9,515,012
Investments:		
Without donor restrictions	23,991,824	20,177,161
Endowment and funds functioning as endowment	30,744,208	28,357,207
Accounts receivable - net	270,887	257,404
Due from related parties	1,818	-
Prepaid expenses and other assets	847,172	281,232
Pledges receivable - net	7,531,763	7,094,235
Right-of-use assets	979,775	1,375,264
Office equipment, software and leasehold improvements - net	<u>2,759,574</u>	<u>2,746,624</u>
Total assets	<u>\$ 69,890,032</u>	<u>\$ 69,804,139</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,838,740	\$ 1,684,731
Due to related parties	11,528	15,396
Operating lease liabilities	<u>1,103,953</u>	<u>1,525,047</u>
Total liabilities	<u>2,954,221</u>	<u>3,225,174</u>
Net assets:		
Without donor restrictions	23,098,783	28,502,861
With donor restrictions	<u>43,837,028</u>	<u>38,076,104</u>
Total net assets	<u>66,935,811</u>	<u>66,578,965</u>
Total liabilities and net assets	<u>\$ 69,890,032</u>	<u>\$ 69,804,139</u>

FACING HISTORY AND OURSELVES, INC.

Statement of Activities

Year Ended June 30, 2024
(with comparative totals for 2023)

	2024		2023
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:			
Contributions and special event revenue	\$ 14,210,956	\$ 15,138,767	\$ 29,349,723
Fees	1,311,904	-	1,311,904
Other revenues	771,568	-	771,568
Spending rate transfer appropriated for operations	1,395,598	-	1,395,598
Investment return on investments without donor restrictions	2,388,754	-	2,388,754
Net assets released from restrictions - satisfaction of time and purpose restrictions	11,479,844	(11,479,844)	-
Total support and revenue	31,558,624	3,658,923	35,217,547
Expenses:			
Program services	27,274,189	-	27,274,189
General administration	2,294,042	-	2,294,042
Fundraising	7,394,471	-	7,394,471
Total expenses	36,962,702	-	36,962,702
Change in net assets from operations	(5,404,078)	3,658,923	(1,745,155)
Investment return on endowment	-	3,497,599	3,497,599
Spending rate transfer appropriated for operations	-	(1,395,598)	(1,395,598)
Change in net assets	(5,404,078)	5,760,924	356,846
Net assets - beginning of year	28,502,861	38,076,104	66,578,965
Net assets - end of year	\$ 23,098,783	\$ 43,837,028	\$ 66,935,811

FACING HISTORY AND OURSELVES, INC.

Statement of Activities

Year Ended June 30, 2023

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:			
Contributions and special event revenue	\$ 12,196,484	\$ 12,960,091	\$ 25,156,575
Fees	892,872	-	892,872
Other revenues	848,379	-	848,379
Spending rate transfer appropriated for operations	1,280,664	-	1,280,664
Investment return on investments without donor restrictions	1,697,904	-	1,697,904
Net assets released from restrictions - satisfaction of time and purpose restrictions	13,457,577	(13,457,577)	-
Total support and revenue	30,373,880	(497,486)	29,876,394
Expenses:			
Program services	22,356,769	-	22,356,769
General administration	4,717,626	-	4,717,626
Fundraising	7,682,467	-	7,682,467
Total expenses	34,756,862	-	34,756,862
Change in net assets from operations	(4,382,982)	(497,486)	(4,880,468)
Investment return on endowment	-	2,613,097	2,613,097
Spending rate transfer appropriated for operations	-	(1,280,664)	(1,280,664)
Change in net assets	(4,382,982)	834,947	(3,548,035)
Net assets - beginning of year	32,885,843	37,241,157	70,127,000
Net assets - end of year	\$ 28,502,861	\$ 38,076,104	\$ 66,578,965

See accompanying notes to the financial statements.

FACING HISTORY AND OURSELVES, INC.

Statement of Functional Expenses

Year Ended June 30, 2024
(with comparative totals for 2023)

	2024				2023
	Program Services	General Administration	Fundraising	Total	Total
Salary and benefits	\$ 20,505,560	\$ 963,287	\$ 5,540,195	\$ 27,009,042	\$ 23,714,967
Purchased services	3,045,550	884,473	1,138,908	5,068,931	5,575,923
Materials and supplies	233,842	8,532	28,439	270,813	1,568,445
Program consultants and contractors	1,192,563	-	-	1,192,563	1,128,460
Rent and utilities	588,051	47,680	158,933	794,664	782,343
Travel	606,870	264,640	123,819	995,329	690,619
Communications	279,508	6,226	82,993	368,727	375,368
Depreciation and amortization	421,537	34,179	113,929	569,645	357,550
Food for events, workshops and seminars	188,630	75,008	141,363	405,001	316,614
Printing and postage	142,485	8,968	51,217	202,670	147,982
Books and publications	69,593	1,049	14,675	85,317	98,591
Total	<u>\$ 27,274,189</u>	<u>\$ 2,294,042</u>	<u>\$ 7,394,471</u>	<u>\$ 36,962,702</u>	<u>\$ 34,756,862</u>

FACING HISTORY AND OURSELVES, INC.***Statement of Functional Expenses******Year Ended June 30, 2023***

	<i>Program Services</i>	<i>General Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salary and benefits	\$ 15,540,984	\$ 3,266,631	\$ 4,907,352	\$ 23,714,967
Purchased services	2,916,339	976,214	1,683,370	5,575,923
Materials and supplies	1,067,514	146,296	354,635	1,568,445
Program consultants and contractors	1,128,460	-	-	1,128,460
Rent and utilities	524,170	78,234	179,939	782,343
Travel	411,096	86,740	192,783	690,619
Communications	250,792	37,413	87,163	375,368
Depreciation and amortization	242,232	34,945	80,373	357,550
Food for events, workshops and seminars	126,307	76,703	113,604	316,614
Printing and postage	66,477	9,912	71,593	147,982
Books and publications	82,398	4,538	11,655	98,591
Total	<u>\$ 22,356,769</u>	<u>\$ 4,717,626</u>	<u>\$ 7,682,467</u>	<u>\$ 34,756,862</u>

FACING HISTORY AND OURSELVES, INC.

Statements of Cash Flows

Years Ended June 30,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 356,846	\$ (3,548,035)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	569,645	357,550
Contributions restricted in perpetuity	(285,000)	(235,000)
Realized and unrealized gain on investments	(5,886,353)	(4,311,001)
Changes in:		
Accounts receivable	(13,483)	22,067
Prepaid expenses and other assets	(565,940)	107,561
Pledges receivable - net	(152,528)	(118,585)
Right-of-use asset	395,489	949
Accounts payable and accrued expenses	(154,009)	(295,825)
Due to/from related parties	(2,050)	24,306
Operating lease liabilities	(421,094)	(19,104)
Net cash used in operating activities	<u>(6,158,477)</u>	<u>(8,015,117)</u>
Cash flows from investing activities:		
Purchase of investments	(1,710,910)	(527,975)
Proceeds from sale of investments	1,414,981	1,280,664
Purchases of office equipment, software and leasehold improvements	(582,595)	(1,063,575)
Net cash used in investing activities	<u>(878,524)</u>	<u>(310,886)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment	285,000	235,000
Net cash provided by financing activities	<u>285,000</u>	<u>235,000</u>
Net decrease in cash and cash equivalents	(6,752,001)	(8,091,003)
Cash and cash equivalents - beginning of year	9,515,012	17,606,015
Cash and cash equivalents - end of year	<u>\$ 2,763,011</u>	<u>\$ 9,515,012</u>

See accompanying notes to the financial statements.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Facing History and Ourselves, Inc. ("Facing History") is an educational and professional development organization whose mission is to engage students of diverse backgrounds in an examination of racism, prejudice and anti-Semitism in order to promote the development of a more humane and informed citizenry. By studying the historical development and lessons of the Holocaust and other examples of genocide, students make the essential connection between history and the moral choices they confront in their own lives. Financial support is provided primarily by donations from private individuals, events, and grants from public and private foundations. Facing History also earns income from fees and investment returns.

Facing History is incorporated in Massachusetts and operates internationally. Since its founding in 1976, Facing History has created professional development models for educators. This adaptable model incorporates unique elements shaped to best serve teachers and their students. Facing History gives students a lens to examine the past that offers them an opportunity to recognize bigotry and indifference in their schools and neighborhoods. As the 21st century unfolds, the global context that has always been a part of Facing History's framework becomes critical, helping teachers and students examine how the perspectives of memory and legacy can lead to prevention. Facing History educates young people to recognize that the challenge for all democracies is to sustain civil society within a global context.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require that Facing History report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Facing History maintains board designated net assets totaling \$100,000 for the years ended June 30, 2024 and 2023. This category also includes the net investment in office equipment, software and leasehold improvements.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by passage of time or the use of such resources consistent with donor restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity but for the application of a spending policy over such funds as described later in these notes.

Cash and Cash Equivalents

Facing History considers all highly liquid debt securities purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost plus earned interest and include money market accounts. Cash equivalents held by investment managers are considered part of investments. Included in cash and cash equivalents are certificates of deposit with a maturity of three months or less.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

Facing History maintains balances at financial institutions which, at times, may exceed federally insured limits. Facing History monitors its exposure and has not experienced any losses in such accounts.

Investments and Investment Return

Investments are reported at fair value. Fair value is determined as per the fair value policies below.

Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses incurred during the period.

Fair Value Measurements

Facing History reports certain assets at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Fair value is defined as the price 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. Recurring fair value measures include Facing History's investment accounts. Non-recurring measures include Facing History's pledges receivable. Fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques). Net Asset Value ("NAV") used to value Facing History's investments is considered a practical expedient and is deemed to represent fair value for reporting purposes when the criteria for using this method are met.

Fair value standards also require Facing History to classify financial instruments (except for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique as follows:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments, with readily available active quoted prices or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is possible that redemption rights may be restricted or eliminated by the investment manager under unusual circumstances in accordance with the underlying fund agreements.

Pledges Receivable

Pledges are initially recorded at fair value as contribution revenue when verifiably committed by the donor. Unconditional pledges are recorded as receivables when committed by the donor at fair value using Level 2 fair value methods. Conditional pledges are recorded as receivables when barriers to entitlement are met. Fair value is determined in accordance with fair value policies discussed elsewhere in these notes. Pledges and grants expected to be collected in one year or more are discounted to present value using a risk adjusted rate to account for the inherent risk associated with future cash flows. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Collectability of pledges are analyzed by management on an instrument-by-instrument basis and due to the history of collections, no reserve was considered necessary at June 30, 2024 or 2023.

Office Equipment, Software and Leasehold Improvements

Office equipment, software and leasehold improvements are stated at cost when the useful life is greater than one year and when such amounts exceed a management established capitalization threshold. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to leasehold improvements.

Depreciation of office equipment is computed using the straight-line method over three to five years. Depreciation of software is computed using the straight-line method over five years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the life of the asset.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Revenue can occur from earned revenue or contributed support.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Under accounting standards for earned revenue, measurement is driven via a principles-based process that requires the entities: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) performance obligations are satisfied. Earned revenue includes the following:

Fees

The proceeds from workshops and seminars are reported in the statements of activities as fees and are recognized as revenue upon completion of the related workshop or seminar which is when Facing History's performance obligation has been met. Any proceeds that have been received in advance of completion are reported in the statements of financial position as deferred revenue.

Contributed support is as follows:

Contributions

Contributions are reported as revenue when unconditionally committed by the donor and are accounted for as with donor restrictions if such gift or pledge has time, purpose or endowment type restrictions associated with it. Expiration of donor-imposed restrictions are reported as net assets released from restrictions as restrictions are met. All other contributions are reported as without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered with donor restrictions until known at which time such are reclassified if required.

Tax Status

Facing History is recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, Facing History is generally exempt from federal and state income taxes. As such, no provision for income taxes has been recorded in the accompanying financial statements.

Uncertain Tax Positions

Facing History accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions (Continued)

If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Facing History has identified its tax status as a tax-exempt entity, and its determinations of which income is related and unrelated, as its only significant tax positions; however, Facing History has determined that such tax positions do not result in any uncertainties requiring recognition. Facing History is not currently under examination by any taxing jurisdiction. Facing History’s federal and state returns are generally open for examination for three years following the date filed.

Functional Expense Allocations

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation of office equipment and leasehold improvements and operation and maintenance of office equipment and leasehold improvement related expenses have been allocated to functional classifications based on square footage of facilities. As part of their strategic initiatives in 2024 and forward, certain roles shifted to program services with the intent being to expend Facing History’s education outreach and impact.

Estimates

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

Leasing

Facing History determines if an arrangement contains a lease at inception. Facing History has leases under which it is obligated as a lessee. Operating leases as a lessee are included in right-of-use (“ROU”) assets and lease obligations in the accompanying statements of financial position. ROU assets represent Facing History’s right to use an underlying asset for the lease term. Lease obligations represent Facing History’s liability to make lease payments arising from the lease. Operating lease obligations are recognized at the commencement date based on the present value of lease payments over the term discounted using an appropriate discount rate. Operating ROU assets are recognized at the commencement date as the lease obligation adjusted for initial direct costs, lease incentives received, and lease payments made to the lessor at or before the commencement date. Facing History utilized a commensurate risk-free rate to apply to all leases. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statements of financial position.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

Facing History has evaluated subsequent events through November 21, 2024, the date the financial statements were authorized to be issued. Management has determined that no matters required disclosure or adjustment in these financial statements through this date.

Note 2 - Liquidity and Availability

Facing History regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Facing History has various sources of liquidity at its disposal, including cash and cash equivalents, marketable equity securities and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Facing History considers all expenditures related to its ongoing activities of educational programs and professional development as well as the conduct of services undertaken to support those activities to be general expenditures.

Although not expected to be needed, the spendable yet restricted portion of Facing History's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure preservation of the funds for future use.

The following table shows the amounts of the financial assets available within one year of the balance sheet dates to meet general expenditures:

	2024	2023
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 2,763,010	\$ 9,515,012
Accounts receivable - net	270,887	257,404
Due from related parties	1,818	-
Contributions for general expenditures due in one year or less	4,042,168	3,147,585
Endowment spending rate distribution and appropriation	1,430,773	1,395,598
Investments not encumbered by donor or board restrictions	23,991,823	20,177,161
Total financial assets available to meet general expenditures over the next 12 months	\$ 32,500,479	\$ 34,492,760

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 3 - Investments and Fair Value Matters

Investments were comprised of the following at June 30:

	2024		
	Net		
	Total	Asset Value	Level 1
Cash equivalent	\$ 8,051,789	\$ -	\$ 8,051,789
Large Cap	4,830,580	4,830,580	-
International Small Cap	3,759,843	3,759,843	-
Multistrategy investment fund	38,093,820	38,093,820	-
Total investments	\$ 54,736,032	\$ 46,684,243	\$ 8,051,789

	2023		
	Net		
	Total	Asset Value	Level 1
Cash equivalent	\$ 6,155,099	\$ -	\$ 6,155,099
Large Cap	3,947,408	3,947,408	-
International Small Cap	3,555,795	3,555,795	-
Multistrategy investment fund	34,876,066	34,876,066	-
Total investments	\$ 48,534,368	\$ 42,379,269	\$ 6,155,099

Facing History has an ownership interest in the Jewish Community Endowment Pool LLP ("JCEP") which was created by Combined Jewish Philanthropies of Greater Boston, Inc. ("CJP") to serve as an endowment investment solution for small to mid-sized endowment funds of eligible 501(c)(3) public charities. All participants share proportionally in the underlying investment returns, management and custodial costs relative to their investments in the fund. Facing History utilizes this platform in carrying out a portion of its investment policy as approved by the Board of Directors.

Management has no intentions or plans to liquidate its investment at other than NAV per share.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 3 - Investments and Fair Value Matters (Continued)

Facing History's investments can be redeemed as follows at June 30, 2024:

<i>Redemption Frequency</i>	<i>Fair Value</i>
Daily	\$ 16,642,212
Monthly	<u>38,093,820</u>
Total investments	<u>\$ 54,736,032</u>

Investment return is presented as follows:

	2024	2023
Investment return on investments with donor restrictions	\$ 3,497,599	\$ 2,613,097
Investment return on investments without donor restrictions	<u>2,388,754</u>	<u>1,697,904</u>
Total investment return	<u>\$ 5,886,353</u>	<u>\$ 4,311,001</u>

JCEP has a monthly redemption notice period notwithstanding the underlying funds being compromised of the various elements:

- *Cash and Cash Equivalents* including money market funds, and other highly liquid debt instruments purchased with maturities of three months or less.
- *Fixed Income Investments* including cash, cash equivalents and direct and indirect investments in bonds and other income securities.
- *Domestic, International, Emerging Markets and Private Equity Investments* including direct and indirect investments in domestic, including Canadian stocks, international stocks, including emerging markets, and other equity investments, including private equity and venture capital funds, and fixed income or cash reserves held by equity investment managers. Over the long term, the equity allocation is intended to preserve the real value of assets.
- *Absolute Return and Hedged Equity Investments* including direct and indirect investments in marketable or semi-marketable strategies such as arbitrage, long/short hedge funds, event driven strategies, provide an "absolute" return on a reasonably consistent basis that in general provides a return of 400 basis points to 500 basis points over Treasury Bills.
- *Real Asset Investments* including direct and indirect investments in real estate and natural resources or commodities.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 4 - Pledges Receivable

Pledges receivable are as follows at June 30:

	2024	2023
Due in less than one year	\$ 4,383,458	\$ 3,488,873
Due in one to five years	4,134,605	4,488,835
Thereafter	<u>149,034</u>	<u>236,135</u>
	8,667,097	8,213,843
Present value adjustment	<u>(1,135,334)</u>	<u>(1,119,608)</u>
Pledges receivable - net	<u>\$ 7,531,763</u>	<u>\$ 7,094,235</u>

At June 30, 2024, three donors accounted for 50% of gross pledges receivable, and at June 30, 2023, four donors accounted for 55% of gross pledges receivable. For the year ended June 30, 2024, three donors accounted for 36% of revenue, and for the year ended June 30, 2023, one donor accounted for 15% of revenue.

Note 5 - Office Equipment, Software and Leasehold Improvements

Office equipment, software and leasehold improvements are as follows at June 30:

	2024	2023
Office equipment	\$ 474,589	\$ 474,589
Software	3,108,735	2,526,141
Leasehold improvements	<u>566,010</u>	<u>566,010</u>
	4,149,334	3,566,740
Accumulated depreciation and amortization	<u>(1,389,760)</u>	<u>(820,116)</u>
Office equipment, software and leasehold improvements - net	<u>\$ 2,759,574</u>	<u>\$ 2,746,624</u>

Note 6 - Retirement Plan

Facing History has a qualified 403(b) retirement plan for eligible employees. Employees choose the investment vehicles for employer and voluntary contributions from among a set of options offered by the investment custodian. Facing History contributed to employee retirement accounts at a rate of 5% of eligible employee compensation in addition to any elective deferrals made by employees subject to stated plan limitations. Expenses under this plan were approximately \$1,025,000 and \$882,000 in 2024 and 2023, respectively.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 7 - Leases

Facing History leased its primary office facilities and other locations under noncancelable operating leases expiring at various dates through fiscal 2028. Under the terms of the leases, increases in operating costs are the responsibility of Facing History. In addition, certain leases provide for scheduled rent increases.

ROU assets represent Facing History's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As Facing History's leases do not provide an implicit rate, Facing History uses the yield on zero-coupon U.S. Treasury notes (risk-free rates) commensurate with the duration of the lease at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Facing History's lease term includes any lease payments made and excludes lease incentives. Facing History's lease terms include options to extend or terminate the lease when it is reasonably certain that Facing History will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Rent expense was approximately \$769,279 and \$758,300 for the years ended June 30, 2024 and 2023, respectively.

Minimum lease payments under noncancelable operating leases are as follows for the years ending June 30:

2025	\$ 367,288
2026	376,142
2027	359,835
2028	<u>42,351</u>
Total minimum lease payments	1,145,616
Less imputed interest	<u>(41,663)</u>
Total	<u>\$ 1,103,953</u>

Other information related to operating leases is as follows for the years ended June 30:

	2024	2023
Weighted average remaining lease term (years)	2.99	3.81
Weighted average discount rate	2.29%	2.23%

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 8 - Line of Credit

Facing History has a revolving line of credit agreement (the “line”) with a bank that has a maximum borrowing amount of \$6,000,000. The line is due on demand. The line, which is unsecured, contains certain financial covenants with which Facing History needs to comply. Interest on the line is calculated at the 1-Month Term SOFR, plus 2.11% which was equal to 7.45% and 7.20% at June 30, 2024 and 2023, respectively. There were no borrowings outstanding on the line as of June 30, 2024 or 2023.

Note 9 - Net Assets and Endowment Matters

Net assets are available for the following purposes at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment corpus	\$ -	\$ 23,575,132	\$ 23,575,132
Accumulated unspent gains on endowment	-	7,069,076	7,069,076
Funds functioning as endowment	100,000	-	100,000
Total endowment and funds functioning as endowment	100,000	30,644,208	30,744,208
Pledges receivable	-	7,531,763	7,531,763
Net investment in office equipment, software and leasehold improvements	3,099,574	-	3,099,574
Other funds	19,899,209	5,661,057	25,560,266
Total	\$ 23,098,783	\$ 43,837,028	\$ 66,935,811

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment corpus	\$ -	\$ 23,290,132	\$ 23,290,132
Accumulated unspent gains on endowment	-	4,967,075	4,967,075
Funds functioning as endowment	100,000	-	100,000
Total endowment and funds functioning as endowment	100,000	28,257,207	28,357,207
Pledges receivable	-	7,094,235	7,094,235
Net investment in office equipment, software and leasehold improvements	2,746,624	-	2,746,624
Other funds	25,656,237	2,724,662	28,380,899
Total	\$ 28,502,861	\$ 38,076,104	\$ 66,578,965

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 9 - Net Assets and Endowment Matters (Continued)

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at June 30:

	2024		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 100,000	\$ 28,257,207	\$ 28,357,207
Cash transferred to investment managers associated with gifts and collections	-	285,000	285,000
Investment gain	-	3,497,599	3,497,599
Expenditures:			
Funds transferred to without donor restrictions as allocated under spending policy	-	(1,395,598)	(1,395,598)
Endowment assets and those functioning as endowment assets, end of year	<u>\$ 100,000</u>	<u>\$ 30,644,208</u>	<u>\$ 30,744,208</u>
	2023		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 100,000	\$ 26,689,774	\$ 26,789,774
Cash transferred to investment managers associated with gifts and collections	-	235,000	235,000
Investment gain	-	2,613,097	2,613,097
Expenditures:			
Funds transferred to without donor restrictions as allocated under spending policy	-	(1,280,664)	(1,280,664)
Endowment assets and those functioning as endowment assets, end of year	<u>\$ 100,000</u>	<u>\$ 28,257,207</u>	<u>\$ 28,357,207</u>

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 9 - Net Assets and Endowment Matters (Continued)

Endowment

Facing History's endowment consists of approximately 14 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, Facing History tracks in perpetuity (a) the original value of gifts donated to the endowment to be held in perpetuity, (b) the original gift value of subsequent gifts to the endowment to be held in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated unspent gains are tracked separately. Amounts are appropriated for expenditure from the overall balances in each fund using its spending policy in a manner consistent with the standard of prudence prescribed under the Uniform Prudent Management of Institutional Funds Act as enacted in the Commonwealth of Massachusetts.

Spending Policy

Facing History appropriates for operations 5% of a trailing three-year moving average of the market value of the assets in endowment funds unless otherwise stated by the donor. In addition, Facing History allocates for operations all interest, dividends, realized and unrealized gains on funds functioning as endowments and other investments without donor restrictions. Investment returns in excess of those appropriated by applying the spending rule are reinvested and increase net assets with donor restrictions. In accordance with this policy, the Board of Directors has authorized an appropriation for operations of \$1,430,773 for the fiscal year ending June 30, 2025.

In accordance with state law, Facing History considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Facing History and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Facing History
- (7) The investment policies of Facing History

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires Facing History to retain as a fund of perpetual duration. In accordance with GAAP, there are no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2024 and 2023.

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 9 - Net Assets and Endowment Matters (Continued)

Return Objectives and Risk Parameters

Facing History's investment portfolio is managed to provide for the long-term support of Facing History. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. It is the goal that the return on investments over the long term will equal the spending rate plus inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Facing History 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). Facing History targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, Facing History seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 10 - Related Parties

Facing History has two affiliates, Facing History and Ourselves CIO ("CIO") and Facing History and Ourselves Canada ("Canada") that operate internationally. While the governance of these entities is independent of Facing History, the organizations maintain Memorandums of Understanding that outline the rights and responsibilities of each organization in their affiliated activities. As independent entities, the accounts of these entities are not consolidated with the accounts of Facing History.

During 2024, Facing History provided a grant for \$253,000 to CIO.

Due to/from related parties represents the net payables (receivables) due to (from) Facing History associated with these entities at June 30:

	Canada		CIO	
	2024	2023	2024	2023
Due to (from) related parties	<u>\$ 1,818</u>	<u>\$ (108)</u>	<u>\$ (11,528)</u>	<u>\$ (15,288)</u>

FACING HISTORY AND OURSELVES, INC.

Notes to Financial Statements

Note 11 - Employee Retention Credit

During 2024, Facing History applied for the Employee Retention Credit program. Management has not recorded revenue associated with the application as there are certain barriers that must be achieved prior to revenue recognition. The amount of claims outstanding totaled approximately \$1,125,000. The IRS may review funding eligibility and usage of funds for compliance with program requirements.