

**National September 11 Memorial and Museum
at the World Trade Center**

Financial Statements

December 31, 2020

Independent Auditors' Report

Board of Trustees National September 11 Memorial and Museum at the World Trade Center

We have audited the accompanying financial statements of the National September 11 Memorial and Museum at the World Trade Center (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Board of Trustees
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National September 11 Memorial and Museum at the World Trade Center as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

March 15, 2021

**National September 11 Memorial and Museum
at the World Trade Center**

Statement of Financial Position
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 5,747,368
Investments	38,550,441
Accounts and other receivables, net	878,414
Government grants receivable	331,352
Contributions receivable, net	13,651,131
Prepaid expenses and other assets	3,082,364
Merchandise inventory	471,060
Buildings, property and equipment, net	535,008,540
Construction in progress	<u>207,088</u>
	<u>\$ 597,927,758</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 13,762,074
Due to Port Authority of New York and New Jersey	431,255
Deferred revenue	1,601,791
Deferred rent	925,555
Paycheck protection program loan payable	4,633,900
Loan payable	<u>15,000,000</u>
Total Liabilities	<u>36,354,575</u>

Net Assets

Without donor restrictions	547,381,346
With donor restrictions	<u>14,191,837</u>
Total Net Assets	<u>561,573,183</u>

\$ 597,927,758

See notes to financial statements

**National September 11 Memorial and Museum
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Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Museum revenue	\$ 11,727,695	\$ -	\$ 11,727,695
Merchandise sales, net of cost of goods sold of \$499,960	1,105,917	-	1,105,917
Government grants	796,402	33,950	830,352
Contributions	14,496,834	5,156,714	19,653,548
Special events, net of costs of direct benefit to donors of \$539,276	3,440,740	250,000	3,690,740
In-kind contributions	294,801	-	294,801
Net assets released from restrictions	2,268,151	(2,268,151)	-
Total Revenue and Support	34,130,540	3,172,513	37,303,053
OTHER INCOME			
Investment return	430,632	-	430,632
Other income	88,000	-	88,000
Total Other Income	518,632	-	518,632
Total Revenue and Support and Other Income	34,649,172	3,172,513	37,821,685
EXPENSES			
Memorial and museum program activities	40,792,256	-	40,792,256
Management and general	11,394,205	-	11,394,205
Fundraising	3,614,739	-	3,614,739
Total Expenses	55,801,200	-	55,801,200
Change in Net Assets Before Depreciation and Amortization and Museum Collections Activities	(21,152,028)	3,172,513	(17,979,515)
Depreciation and amortization	(29,217,297)	-	(29,217,297)
Museum collections activities	(76,385)	-	(76,385)
Change in Net Assets	(50,445,710)	3,172,513	(47,273,197)
NET ASSETS			
Beginning of year	597,827,056	11,019,324	608,846,380
End of year	\$ 547,381,346	\$ 14,191,837	\$ 561,573,183

See notes to financial statements

**National September 11 Memorial and Museum
at the World Trade Center**

Statement of Functional Expenses
Year Ended December 31, 2020

	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
Salaries	\$ 11,356,510	\$ 4,851,727	\$ 1,757,873	\$ 17,966,110
Payroll taxes and fringe benefits	2,957,660	821,275	408,304	4,187,239
Occupancy costs	4,171,196	1,952,778	146,775	6,270,749
Insurance	3,339,498	105,177	36,676	3,481,351
Professional and other fees	1,139,119	1,201,256	514,613	2,854,988
Engineering and janitorial services	7,938,962	1,404,299	4,163	9,347,424
Security	6,021,721	20,628	-	6,042,349
Information technology	372,586	113,846	31,049	517,481
Marketing and advertising	214,564	19,890	208,069	442,523
Cost of goods sold	499,960	-	-	499,960
Cost of special events	-	-	539,276	539,276
Commemorative programmatic events	791,359	-	-	791,359
Repairs and maintenance	1,518,953	355,247	16,283	1,890,483
Office supplies	207,751	34,991	10,033	252,775
Postage	90,584	17,789	95,806	204,179
Printing	37,273	5,500	278,439	321,212
Telephone and internet	282,818	103,092	35,949	421,859
Dues and subscriptions	59,754	176,475	39,570	275,799
Travel and meetings	50,228	9,248	10,355	69,831
Other expenses	<u>241,720</u>	<u>200,987</u>	<u>20,782</u>	<u>463,489</u>
Subtotal	41,292,216	11,394,205	4,154,015	56,840,436
Less: cost of good sold	(499,960)	-	-	(499,960)
Less: cost of special events	-	-	(539,276)	(539,276)
Total Expenses Before Depreciation and Amortization	40,792,256	11,394,205	3,614,739	55,801,200
Depreciation and amortization	<u>26,222,681</u>	<u>2,930,067</u>	<u>64,549</u>	<u>29,217,297</u>
Total Functional Expenses	<u>\$ 67,014,937</u>	<u>\$ 14,324,272</u>	<u>\$ 3,679,288</u>	<u>\$ 85,018,497</u>

See notes to financial statements

**National September 11 Memorial and Museum
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Statement of Cash Flows
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (47,273,197)
Adjustments to reconcile change in net assets to net cash from operating activities	
Discount to present value of receivables	(15,699)
Bad debt recovery	(35,700)
Depreciation and amortization	29,217,297
Net realized and unrealized loss on investments	153,574
Deferred rent	(326,242)
Amortization of in-kind rent contribution	1,053,204
In-kind buildings, property and equipment contributions	(16,109)
Changes in operating assets and liabilities	
Accounts and other receivables	3,551,389
Government grants receivable	(326,352)
Contributions receivable	(1,598,234)
Prepaid expenses and other assets	364,827
Merchandise inventory	(17,646)
Accounts payable and accrued expenses	(4,038,043)
Deferred revenue	(1,055,395)
Net Cash from Operating Activities	(20,362,326)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of buildings, property and equipment	(1,896,834)
Change in construction in progress	1,223,413
Purchases of investments	(39,949,740)
Proceeds from sale of investments	43,798,207
Net Cash from Investing Activities	3,175,046

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from paycheck protection program	4,633,900
Proceeds from loan	9,000,000
Net Cash from Financing Activities	13,633,900

Net Change in Cash and Cash Equivalents	(3,553,380)
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CASH AND CASH EQUIVALENTS

Beginning of year	9,300,748
End of year	\$ 5,747,368

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	\$ 41,794
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See notes to financial statements

National September 11 Memorial and Museum at the World Trade Center

Notes to Financial Statements
December 31, 2020

1. Organization and Tax Status

Through commemoration, exhibitions, and educational programs, the National September 11 Memorial and Museum at the World Trade Center (the “Organization”) remembers and honors the 2,983 people killed in the horrific attacks of September 11, 2001 (“9/11”) and February 26, 1993, as well as those who risked their lives to save others and all who demonstrated extraordinary compassion in the aftermath of the attacks.

Since its opening in 2014, the National September 11 Memorial Museum (the “Museum”) has welcomed over 17 million visitors. The National September 11 Memorial (the “Memorial”) has welcomed over 50 million visitors since its opening in 2011. This unique and sacred space helps connect visitors from over 175 countries around the world, not only to the events of 2001 and 1993, but also to each other in a shared experience of reflection, remembrance, and community.

Museum education programs serve thousands of students, teachers, and families every year, focusing on the history of the day, the importance of memorialization and the lessons of resilience and recovery. Public programming is dedicated to deepening the audience’s understanding of 9/11’s continuing impact in America and around the world through film screenings, moderated conversations, and performances.

Memorial and Museum visitors are brought together at a peaceful and contemplative site which consists of two reflecting pools formed in the footprints of the original Twin Towers and a plaza of trees. The Museum displays monumental artifacts linked to the events of 9/11, while presenting intimate stories of loss, compassion, reckoning and recovery that are central to telling the story of the 2001 and 1993 attacks.

The Organization was incorporated on February 11, 2014 and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization as described in Section 509(a). On December 31, 2019, the Organization was granted a permanent charter by the New York State Board of Regents. On that same day, the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (the “Foundation”) merged with the Organization and transferred all of its net assets, valued at \$608,846,380, to the Organization. The Organization remains as the continuing entity after the merger.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**National September 11 Memorial and Museum
at the World Trade Center**

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Policies

Restricted Cash

Effective January 1, 2020, the Organization adopted ASU 2016-18 "*Statement of Cash Flows (Topic 230): Restricted Cash*" for all periods presented. ASU 2016-18 requires inclusion of restricted cash with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the Statement of Cash Flows to the Statement of Financial Position. Previously, changes in restricted cash were reported on the Statement of Cash Flows as operating, investing or financing activities based on the nature of the underlying activity.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market funds and short-term investments which are highly liquid in nature. At December 31, 2020, the Organization's cash and cash equivalents are maintained at financial institutions in excess of federally insured amounts. At December 31, 2020, cash held with banks in excess of Federal Deposit Insurance Coverage limits totaled \$4,977,268.

The following are the components of cash and cash equivalents reported on the Statement of Financial Position at December 31, 2020:

Cash and cash equivalents	\$ 5,095,842
Restricted cash - construction escrow account	<u>651,526</u>
Total Cash and Cash Equivalents	<u>\$ 5,747,368</u>

Investments

The Organization invests a portion of its available cash in a highly liquid, separately managed fixed income bond portfolio with an average duration of six months. Investments on the Statement of Financial Position are reported at fair value based on quoted market prices. Investment return is reported net of investment expenses on the Statement of Activities.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist of outstanding cash collections from Museum ticket resellers that are owed in the ordinary course of business and other receivables from various sources that are owed from non-ordinary operating activities within one year of the Statement of Financial Position date.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for receivables where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to subsequent cash receipts.

Merchandise Inventory

Merchandise inventory is valued at the lower of weighted average cost or net realizable value.

Buildings, Property and Equipment

Buildings, property and equipment are stated at cost, or if donated, at fair value at the date of the gift, less accumulated depreciation and amortization. The Organization capitalizes all purchases of property and equipment greater than \$5,000. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years for furniture and equipment and computer hardware and software, to 15 to 39 years for the Memorial Plaza and Museum building. Leasehold improvements are amortized over the terms of the lease agreement.

Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. At the time buildings, property and equipment are retired or disposed of, the buildings, property and equipment and related accumulated depreciation and amortization accounts are relieved of the applicable amounts, and any gain or loss is credited or charged to current operations.

Buildings, property and equipment assets are reviewed for impairment if the use of the assets significantly changes or another indicator of possible impairment is identified. If the carrying amount of an asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the year ended December 31, 2020.

Deferred Revenue

Advance ticket purchases for Museum admissions and tours are deferred and recognized on the ticket date. The portion of membership fees paid in advance that includes an exchange element is deferred and recognized over the term of the membership.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (*continued*)

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating expenses.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported on the Statement of Activities as net assets released from restrictions.

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations excludes depreciation and amortization and Museum collections activities.

Museum Revenue

Museum revenue includes admissions, tours and memberships. The Organization recognizes revenue from ticket sales and tours at the time of admission. Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

Merchandise Sales

The Organization sells merchandise in stores and through e-commerce. Revenue and the related expenses are recognized at the time of sale or upon shipment of the merchandise.

Contributions

The Organization recognizes contributions when cash or other assets are received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return of transferred assets, are not recognized until the conditions on which they depend have been met.

**National September 11 Memorial and Museum
at the World Trade Center**

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Contributions (continued)

Contributions received are reported as without donor restrictions unless the gift was received with donor stipulations that limit the use of the donated amount and as such, are recognized as with donor restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discounts and changes in the allowance for doubtful accounts are included in contributions in the Statement of Activities.

In-Kind Contributions

Donated services are reported in the financial statements at fair value if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation. Donated materials and other non-cash items are reported at fair value at the date of the donation.

Donated assets accepted by the Organization are recorded at fair value on the date the asset was transferred to the Organization.

Contributions of professional services are stated at the fair value of the time or services provided to the Organization. The in-kind gift is recognized as contributed revenue when the contribution is received, and the fair value of the services rendered and used by the Organization is recognized as an expense in the Statement of Activities.

Volunteers

A large number of unpaid volunteers have made significant contributions of time in the furtherance of the Organization's programs, covering a number of the Organization's activities. These contributions do not meet the criteria for recognition of contributed services in accordance with U.S. GAAP, and therefore their value is not reflected in these financial statements.

Special Events

The Organization holds several special events each year, including a benefit dinner and other events. Revenue and the related expenses are recognized when the event occurs.

**National September 11 Memorial and Museum
at the World Trade Center**

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (*continued*)

Functional Allocation of Expenses

The Statement of Functional Expenses presents the expenses of the Organization by nature and function. Memorial and Museum program activities include costs of maintenance, security, exhibitions, temporary exhibitions, projects, curatorial and collections maintenance, visitor services, education, public programs, and auxiliary activities. Management and general expenses include costs associated with the following operational areas: administration, finance, information technology, legal, external affairs and human resources. Fundraising costs include those costs associated with donor interaction. Rent, building maintenance, and office services are allocated to each department in the Organization based on functional headcount. Departmental expenses are then allocated to the functional expense categories based on estimates of time and effort provided by the heads of each department.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$235,576 in 2020.

Collections

In accordance with industry practice, the value of the Organization's collection is not reflected as an asset on the Statement of Financial Position. Purchases of collection items are recorded in the year in which the items are acquired as decreases to net assets without donor restrictions. Pursuant to the Organization's Collections Management Policy, proceeds from deaccessions are to be used to acquire other items for the collection, and for the preservation, protection, or care of collections as approved by the Board and are recorded as net assets without donor restrictions designated for acquisitions or care of collection items.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for years prior to 2017.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 15, 2021.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2020

3. Liquidity and Availability of Resources

The following reflects the Organization's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at December 31, 2020, are as follows:

Cash and cash equivalents	\$ 5,747,368
Investments	38,550,441
Accounts and other receivables, net	878,414
Government grants receivable	331,352
Contributions receivable, net	10,491,559
Merchandise inventory	<u>471,060</u>
Total Financial Assets Available Within One Year	<u>56,470,194</u>
Less amounts unavailable for general expenditures within one year due to:	
Restricted cash - construction escrow account	(651,526)
Restricted by donors with purpose restrictions	(4,303,477)
Restricted by donors with time restrictions	<u>(1,113,788)</u>
	<u>(6,068,791)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 50,401,403</u>

Principal sources of liquidity include cash flows generated from the operations of the Museum. As part of the Organization's liquidity strategy, management structures its financial assets, consisting of cash, investments, receivables and inventory to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in highly liquid fixed income securities, which could be drawn upon in the event of an unanticipated liquidity need. In addition, the Organization receives cash flow from contributions and grants made by donors through its fundraising efforts. Most of these amounts are expected to be collected within one year.

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments and receivables. The Organization places its cash with various financial institutions. At times cash balances held at financial institutions may be in excess of federally insured limits. Investments are diversified by type and industry concentrations so that no individual or group of investments represents a significant concentration of credit risk.

Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities and individuals composing the Organization's donor base.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2020

5. Fair Value Measurement

Fair value measurements are based on 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. Accordingly, the following hierarchy prioritizes observable and unobservable inputs used to measure fair value.

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The following table summarizes the Organization's investments measured at fair value and categorized using the fair value hierarchy (all Level 2 measurements) as of December 31, 2020:

U.S. Treasury notes	\$ 26,435,884
Corporate bonds	3,494,946
Government and agency bonds	4,899,948
International bonds	2,791,524
Mortgage and asset backed bonds	664,050
Short-term notes	<u>264,089</u>
Total Investments at Fair Value	<u>\$ 38,550,441</u>

6. Accounts and Other Receivables

Accounts and other receivables, net, consist of the following at December 31, 2020:

Due within:	
Up to one year	\$ 878,414
One to two years	<u>396,227</u>
	1,274,641
Allowance for doubtful accounts	<u>(396,227)</u>
Accounts and Other Receivables, net	<u>\$ 878,414</u>

**National September 11 Memorial and Museum
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Notes to Financial Statements
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7. Contributions Receivable

Contributions receivable, net, consist of the following at December 31, 2020:

Due within:	
Up to one year	\$ 8,316,619
One to five years	<u>5,882,622</u>
	14,199,241
Present value discount	(47,910)
Allowance for doubtful accounts	<u>(500,200)</u>
Contributions Receivable, net	<u>\$ 13,651,131</u>

The discount rates used for contributions outstanding at December 31, 2020, range from 0.11% to 2.5%.

8. Buildings, Property and Equipment

Buildings, property and equipment, net, at December 31, 2020 consist of the following:

Museum building	\$ 399,068,987
Memorial Plaza	315,759,971
Furniture and equipment	38,541,914
Computer hardware and software	33,704,762
Leasehold improvements	<u>37,624,865</u>
	824,700,499
Accumulated depreciation and amortization	<u>(289,691,959)</u>
	<u>\$ 535,008,540</u>

Included in buildings, property and equipment are \$120,174 of capitalized in-kind contributions, net of accumulated depreciation and amortization, at December 31, 2020.

9. Operating Leases

The Organization rents space for its administrative offices, equipment and various storage facilities under lease agreements expiring no later than December 31, 2023. Rent expense is recorded on a straight-line basis over the life of the lease. Rent expense for these leases, which includes in-kind rent, amounted to \$2,988,098 for the year ended December 31, 2020.

During February 2014, the Organization received a tenant allowance of \$2 million from the landlord for a buildout of its administrative office space. The total amount is included in deferred rent and is being amortized over the life of the lease through December 31, 2023. At December 31, 2020, a remaining unamortized balance of \$607,605 is included in deferred rent.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2020

9. Operating Leases (continued)

Future minimum lease payments under these agreements for the years ending December 31, are as follows:

2021		\$	2,090,438
2022			2,051,995
2023			1,770,553
			\$ 5,912,986

On January 28, 2021, the landlord agreed to defer payment of rent and other related charges for one year beginning in November 2020. The Organization remains liable for the charges and must pay the deferred amounts prior to the end of the lease period.

10. Paycheck Protection Program Loan Payable

On April 30, 2020, the Organization received loan proceeds in the amount of \$4,633,900 under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the “Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). If the Organization does not apply for forgiveness, payments begin approximately 24 months after the loan date.

The Organization intends to use all the proceeds received in accordance with regulations established by the PPP. Management believes its use of the proceeds, including amounts expended through December 31, 2020, will be forgiven. The entire amount received under the PPP is reported as a loan payable in the Statement of Financial Position at December 31, 2020.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at December 31, 2020:

Donor imposed time restrictions		\$	9,888,360
Donor imposed purpose restrictions			4,303,477
			\$ 14,191,837

**National September 11 Memorial and Museum
at the World Trade Center**

Notes to Financial Statements
December 31, 2020

11. Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor imposed time restrictions as follows:

Donor imposed time restrictions	\$ 1,568,206
Donor imposed purpose restrictions	<u>699,945</u>
	<u><u>\$ 2,268,151</u></u>

12. Museum Collections Activities

The Organization continues to build its permanent collection guided by the Collections Management Policy which defines the scope and intellectual framework of content assets and the procedures by which these materials are accessioned, catalogued and preserved. Through leadership of the Board's Acquisitions Committee and professional staff, the Organization strives to establish, preserve and document primary records, material evidence, spoken testimony and other wide-ranging cultural documentation related to the September 11, 2001 and February 26, 1993 terrorist attacks, the historical context leading up to them, and their aftermath and ongoing repercussions. The Organization also collects artifacts, spoken remembrances and other materials that honor and commemorate the victims of the September 11, 2001 and February 26, 1993 terrorist attacks and their legacies. The Organization makes its collection available as loans to other museums and presenting institutions, in the U.S. and abroad, that meet security and environmental criteria. The collection is also available, through the catalogue database and by appointment, for research purposes and in cooperation with curators and school educators, for the creation of lesson plans that are then made available through the website. The Organization's collection is also used in educational and public programs for the benefit of visitors to the Museum, and as a focus of presentations given at outside venues such as peer museums, professional organizations and conferences attended by museum practitioners, activists, public historians and others.

In 2020, the Organization spent \$76,385 on acquisitions of collection items. These acquisitions were funded in part by contributions with donor restrictions.

13. In-kind Contributions

In-kind contributions, excluding rent, for the year ended December 31, 2020 are as follows:

Professional services	\$ 168,407
Advertising space	85,446
Special event supplies	7,500
Engineering and janitorial	7,430
Other	<u>26,018</u>
	<u><u>\$ 294,801</u></u>

The costs associated with the above in-kind contributions are included in the Statements of Activities and Functional Expenses except for \$16,109, which is capitalized in construction in progress in Statement of Financial Position.

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14. Retirement Plan

The Organization has a 403(b) defined contribution retirement plan for all eligible employees. Under the provisions of this plan, the Organization contributed 4% of participants' earnings in the first two quarters of 2020. The Organization also made contributions under a voluntary matching program up to a maximum of 6% in the first two quarters of 2020. In an effort to contain costs, the Organization suspended contributions to the 403(b) plan effective July 1, 2020. Plan expense was \$825,085 for 2020.

15. Related Party Transactions

On May 13, 2013, the Organization entered into a loan agreement with a corporation owned by a member of the Board of Trustees, which provides a maximum borrowing limit of \$15 million. At December 31, 2020, the Organization had an outstanding loan balance of \$15,000,000. Repayment of this balance will occur over the next five years beginning on March 31, 2023, with quarterly principal payments of \$1,153,846, and a final payment due on March 31, 2026. The loan carries a fixed interest rate of 0.22% and matures on March 31, 2026. For the year ended December 31, 2020 interest expense was \$22,641 which was included in accounts payable and accrued expenses.

During 2013, the Organization entered into a lease agreement for its administrative office space with a former member of the Board of Trustees. An in-kind rent contribution of \$10,444,233 was received and is being amortized over the life of the lease through December 31, 2023. For the year ended December 31, 2020, amortization included in rent expense was \$1,053,204.

16. Contingencies

The Organization has been involved in certain legal actions during the ordinary course of business. For some of the claims, another party to the action may be required to indemnify the Organization for all claims and liabilities that may arise. In accordance with the merger, the Organization may now be party to these claims.

17. COVID-19

On March 13, 2020, the Memorial and Museum were temporarily closed to the public. This was done in response to guidance provided by state and local governments regarding large public gatherings and as a precautionary measure to limit opportunities for the spread of the COVID-19 virus. While the Organization was not ordered to close by any government agency, it did so voluntarily in order to safeguard the health of its visitors and employees. Other cultural institutions in New York City also voluntarily closed. On March 20, 2020 Governor Andrew Cuomo ordered the shutdown of all non-essential businesses in the State of New York. The closure significantly impacted the Organization's financial position and operating results in 2020. The Memorial reopened to the public on July 4, 2020 and the Museum reopened on September 12, 2020, but with reduced hours of operation and limited capacity.

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18. Subsequent Event

A Settlement Agreement was executed, as of January 27, 2021, between the Organization and the Port Authority of New York and New Jersey ("PA") in connection with the Memorial and Museum construction project. The Settlement Agreement provides that the Organization pay the PA a net amount of \$2.45 million. Included in this net amount is \$4.2 million owed to the PA for past utility claims for the periods up to and including September 2017, net of \$1.75 million due to the Organization from the PA for various construction claims. The net amount is payable in six equal quarterly installments of \$408,333, beginning October 1, 2022. The Settlement Agreement also requires the liquidation of an escrow account totaling \$651,526 at December 31, 2020, with 71% being disbursed to the PA and 29% being disbursed to the Organization.

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