

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Financial Statements

December 31, 2019 and 2018

Independent Auditors' Report

Board of Directors
National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.

We have audited the accompanying financial statements of the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

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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 Foundation, Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization merged with the National September 11 Memorial and Museum at the World Trade Center (the "Museum Organization"). The Museum Organization remains as the continuing entity. As a result of the merger, the Organization transferred its total net assets to the Museum Organization on December 31, 2019. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

March 16, 2020

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Statements of Financial Position
December 31

	2019			2018
	Before Transfer	Transfer to Museum Organization	After Transfer	
ASSETS				
Cash and cash equivalents	\$ 9,300,748	\$ (9,300,748)	\$ -	\$ 13,732,365
Investments	42,552,482	(42,552,482)	-	36,386,646
Accounts and other receivables	4,429,803	(4,429,803)	-	5,048,187
Government grants receivable	5,000	(5,000)	-	16,000
Contributions receivable, net	13,054,702	(13,054,702)	-	13,967,622
Prepaid expenses and other assets	3,447,191	(3,447,191)	-	4,443,905
Merchandise inventory	453,414	(453,414)	-	458,354
Buildings, property and equipment, net	562,312,894	(562,312,894)	-	586,990,694
Construction in progress	1,430,501	(1,430,501)	-	1,429,888
	<u>\$ 636,986,735</u>	<u>\$ (636,986,735)</u>	<u>\$ -</u>	<u>\$ 662,473,661</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 17,800,117	\$ (17,800,117)	\$ -	\$ 18,738,648
Due to Port Authority of New York and New Jersey	431,255	(431,255)	-	431,255
Deferred Museum revenue	2,657,186	(2,657,186)	-	2,261,635
Deferred rent	1,251,797	(1,251,797)	-	1,585,817
Loan payable	6,000,000	(6,000,000)	-	7,500,000
Total Liabilities	<u>28,140,355</u>	<u>(28,140,355)</u>	<u>-</u>	<u>30,517,355</u>
Net Assets				
Without donor restrictions	597,827,056	(597,827,056)	-	617,914,494
With donor restrictions	11,019,324	(11,019,324)	-	14,041,812
Total Net Assets	<u>608,846,380</u>	<u>(608,846,380)</u>	<u>-</u>	<u>631,956,306</u>
	<u>\$ 636,986,735</u>	<u>\$ (636,986,735)</u>	<u>\$ -</u>	<u>\$ 662,473,661</u>

See notes to financial statements

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Statements of Activities

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Museum revenue	\$ 72,396,943	\$ -	\$ 72,396,943	\$ 69,733,404	\$ -	\$ 69,733,404
Merchandise sales, net of cost of goods sold of \$2,946,717 and \$2,830,358	6,928,091	-	6,928,091	6,333,041	-	6,333,041
Government grants	-	5,000	5,000	-	10,000	10,000
Contributions	2,702,946	2,517,619	5,220,565	2,443,934	1,238,984	3,682,918
Port Authority of New York and New Jersey	92,302	-	92,302	-	-	-
Special events, net of costs of direct benefit to donors of \$1,736,687 and \$1,831,004	2,006,753	663,727	2,670,480	1,583,475	1,750,000	3,333,475
In-kind contributions	374,544	-	374,544	958,286	-	958,286
Net assets released from restrictions	6,208,834	(6,208,834)	-	6,236,666	(6,236,666)	-
Total Revenue and Support	<u>90,710,413</u>	<u>(3,022,488)</u>	<u>87,687,925</u>	<u>87,288,806</u>	<u>(3,237,682)</u>	<u>84,051,124</u>
OTHER INCOME						
Interest income	10,728	-	10,728	143,069	-	143,069
Investment return	1,138,507	-	1,138,507	580,261	-	580,261
Other income	-	-	-	360,077	-	360,077
Total Other Income	<u>1,149,235</u>	<u>-</u>	<u>1,149,235</u>	<u>1,083,407</u>	<u>-</u>	<u>1,083,407</u>
Total Revenue and Support and Other Income	<u>91,859,648</u>	<u>(3,022,488)</u>	<u>88,837,160</u>	<u>88,372,213</u>	<u>(3,237,682)</u>	<u>85,134,531</u>
EXPENSES						
Memorial and museum program activities	61,274,779	-	61,274,779	58,606,606	-	58,606,606
Management and general	12,082,967	-	12,082,967	11,784,574	-	11,784,574
Fundraising	5,174,291	-	5,174,291	4,483,347	-	4,483,347
Total Expenses	<u>78,532,037</u>	<u>-</u>	<u>78,532,037</u>	<u>74,874,527</u>	<u>-</u>	<u>74,874,527</u>
Change in Net Assets Before Depreciation and Amortization and Museum Collections Activities	13,327,611	(3,022,488)	10,305,123	13,497,686	(3,237,682)	10,260,004
Depreciation and amortization	(33,340,659)	-	(33,340,659)	(37,337,877)	-	(37,337,877)
Museum collections activities	(74,390)	-	(74,390)	(97,677)	-	(97,677)
Change in Net Assets	<u>(20,087,438)</u>	<u>(3,022,488)</u>	<u>(23,109,926)</u>	<u>(23,937,868)</u>	<u>(3,237,682)</u>	<u>(27,175,550)</u>
Net assets transfer (Note 1)	(597,827,056)	(11,019,324)	(608,846,380)	-	-	-
NET ASSETS						
Beginning of year	<u>617,914,494</u>	<u>14,041,812</u>	<u>631,956,306</u>	<u>641,852,362</u>	<u>17,279,494</u>	<u>659,131,856</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,914,494</u>	<u>\$ 14,041,812</u>	<u>\$ 631,956,306</u>

See notes to financial statements

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Statements of Functional Expenses

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
Salaries	\$ 15,251,724	\$ 4,377,889	\$ 2,245,955	\$ 21,875,568	\$ 14,452,614	\$ 4,418,400	\$ 1,901,144	\$ 20,772,158
Payroll taxes and fringe benefits	4,007,241	1,142,175	501,828	5,651,244	3,437,495	1,035,743	389,017	4,862,255
Occupancy costs	5,579,501	2,017,338	185,468	7,782,307	4,882,674	1,938,197	150,960	6,971,831
Insurance	3,133,584	71,216	47,341	3,252,141	2,949,880	87,478	41,713	3,079,071
Professional and other fees	2,464,397	1,145,800	611,720	4,221,917	1,966,652	972,662	515,199	3,454,513
Engineering and janitorial services	11,211,274	1,987,811	12,885	13,211,970	10,872,024	1,927,858	12,781	12,812,663
Security	10,062,396	24,680	-	10,087,076	10,086,201	39,680	-	10,125,881
Information technology	645,336	197,186	53,778	896,300	940,304	244,284	68,966	1,253,554
Marketing and advertising	1,708,893	83,483	298,560	2,090,936	1,436,254	60,065	336,590	1,832,909
Cost of goods sold	2,946,717	-	-	2,946,717	2,830,358	-	-	2,830,358
Cost of special events	-	-	1,736,687	1,736,687	-	-	1,831,004	1,831,004
Commemorative programmatic events	1,075,208	-	-	1,075,208	1,119,171	-	-	1,119,171
Repairs and maintenance	2,494,818	422,596	24,351	2,941,765	2,799,097	508,272	25,728	3,333,097
Office supplies	517,185	47,455	21,301	585,941	586,859	39,585	11,508	637,952
Postage	162,495	33,193	191,610	387,298	90,293	15,835	182,282	288,410
Printing	220,083	20,430	663,680	904,193	255,077	18,438	585,897	859,412
Telephone and internet	357,449	109,240	29,799	496,488	385,328	117,776	32,133	535,237
Dues and subscriptions	178,971	82,795	51,244	313,010	145,765	97,525	13,415	256,705
Travel and meetings	373,749	60,865	50,704	485,318	310,953	62,144	38,735	411,832
Temporary exhibitions	690,163	-	-	690,163	792,922	-	-	792,922
Other expenses	<u>1,140,312</u>	<u>258,815</u>	<u>184,067</u>	<u>1,583,194</u>	<u>1,097,043</u>	<u>200,632</u>	<u>177,279</u>	<u>1,474,954</u>
Subtotal	64,221,496	12,082,967	6,910,978	83,215,441	61,436,964	11,784,574	6,314,351	79,535,889
Less: cost of good sold	(2,946,717)	-	-	(2,946,717)	(2,830,358)	-	-	(2,830,358)
Less: cost of special events	-	-	(1,736,687)	(1,736,687)	-	-	(1,831,004)	(1,831,004)
Total Expenses Before Depreciation and Amortization	61,274,779	12,082,967	5,174,291	78,532,037	58,606,606	11,784,574	4,483,347	74,874,527
Depreciation and amortization	<u>29,865,408</u>	<u>3,402,943</u>	<u>72,308</u>	<u>33,340,659</u>	<u>33,414,233</u>	<u>3,848,488</u>	<u>75,156</u>	<u>37,337,877</u>
Total Functional Expenses	<u>\$ 91,140,187</u>	<u>\$ 15,485,910</u>	<u>\$ 5,246,599</u>	<u>\$ 111,872,696</u>	<u>\$ 92,020,839</u>	<u>\$ 15,633,062</u>	<u>\$ 4,558,503</u>	<u>\$ 112,212,404</u>

See notes to financial statements

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Statements of Cash Flows

	Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (23,109,926)	\$ (27,175,550)
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount to present value of receivables	(32,134)	(138,926)
Bad debt recovery	(74,695)	(13,050)
Depreciation and amortization	33,340,659	37,337,877
Net realized and unrealized (gain) loss on investments	(102,214)	42,911
Deferred rent	(334,020)	(183,384)
Amortization of in-kind rent contribution	1,053,204	1,053,204
In-kind buildings, property and equipment contributions	(8,995)	(23,767)
Changes in operating assets and liabilities		
Accounts receivable and other receivable	618,384	(998,827)
Government grants receivable	11,000	1,274,999
Contributions receivable	(33,455)	716,265
Prepaid expenses and other assets	996,714	(1,149,089)
Merchandise inventory	4,940	76,454
Accounts payable and accrued expenses	(941,531)	732,158
Deferred Museum revenue	395,551	(350,388)
Net Cash from Operating Activities	11,783,482	11,200,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of buildings, property and equipment	(3,097,082)	(2,890,620)
Construction in progress	(5,554,395)	(1,429,888)
Purchases of investments	(68,412,146)	(64,344,759)
Proceeds from sale of investments	62,348,524	27,915,202
Net Cash from Investing Activities	(14,715,099)	(40,750,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on related party loan	(1,500,000)	-
Net Change in Cash and Cash Equivalents	(4,431,617)	(29,549,178)
Transfer of cash and cash equivalents	(9,300,748)	-
CASH AND CASH EQUIVALENTS		
Beginning of year	13,732,365	43,281,543
End of year	\$ -	\$ 13,732,365
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 146,401	\$ -
Transfer of net assets other than cash and cash equivalents	599,545,632	-
Non Cash Investing and Operating Activities		
Contractor credit	3,000	50,922

See notes to financial statements

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Tax Status

Through commemoration, exhibitions, and educational programs, the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (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 and 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, which was incorporated on April 7, 2003, 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), and was created to oversee the design, fundraising, programming and operations of the Memorial and Museum. The Memorial and Museum are located on eight of the 16 acres of the World Trade Center site.

In 2014, the Organization obtained a temporary charter from the New York State Board of Regents for the National September 11 Memorial and Museum at the World Trade Center (the “Museum Organization”) under New York State Education Law and has obtained status as a tax-exempt public charity under Internal Revenue Code Section 501(c)(3). On December 31, 2019, the Museum Organization was granted a permanent charter by the New York State Board of Regents. On that same day, the Organization merged with the Museum Organization and transferred all of its net assets, valued at \$608,846,380, to the Museum Organization. The Museum Organization remains as the continuing entity after the merger.

The following notes relate to the Organization’s financial operations prior to the transfer of its net assets.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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").

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

Revenue from Contracts with Customers

Effective January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers*, as amended.

The guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

The Organization's merchandise sales generally include standard commercial payment terms. Taxes collected from customers and remitted to governmental authorities are excluded from net sales. Freight charged to customers is included in net sales in the statement of activities. For shipping and handling activities performed after a customer obtains control of the goods, the Organization has elected to account for these costs as activities to fulfill the promise to transfer the goods; therefore, these activities are not assessed as separate performance obligations.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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

Adoption of New Accounting Policies (continued)

Revenue from Contracts with Customers (continued)

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. When revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned (i.e. membership fees). The new guidance requires the Organization to not recognize revenue until it is probable of collection. Based on the Organization's strong collection experience, the Organization has concluded that all revenue recognized is probable of collection.

Recognition of Contributions

Effective January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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, 2019 and 2018, the Organization's cash and cash equivalents are maintained at financial institutions in excess of federally insured amounts. At December 31, 2019 and 2018, cash held with banks in excess of Federal Deposit Insurance Coverage limits totaled \$9,275,648 and \$13,419,713.

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 Statements of Financial Position are reported at fair value based on quoted market prices. Investment return is reported net of investment expenses on the Statements of Activities.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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 years ended December 31, 2019 and 2018.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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

Deferred Museum 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.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (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 Statements 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.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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

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 securities 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.

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. The 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 Statements 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 Statements of Activities.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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

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.

Functional Allocation of Expenses

The Statements of Functional Expenses present 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 \$1,717,214 and \$1,478,587 in 2019 and 2018.

Collections

In accordance with industry practice, the value of the Organization's collection is not reflected as an asset in the Statements of Financial Position, and gifts of collection items are excluded from revenue in the Statements of Activities. Purchases of collection items are recorded in the year in which the items are acquired as decreases to net assets without donor restrictions in the Statements of Activities. Pursuant to the Organization's Collections Management Policy, revised in 2018, proceeds from deaccessions are to be used to acquire other items for the collection, preservation, protection, or care of collections as approved by the Board and are recorded as net assets with donor restrictions designated for acquisitions or care of collection items.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

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

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 2016.

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 16, 2020.

3. 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.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

3. Fair Value Measurement (continued)

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

	2019	2018
U.S. Treasury notes	\$ 1,793,593	\$ 554,523
Corporate bonds	16,683,719	15,219,397
Government and agency bonds	7,180,413	1,445,379
International bonds	5,969,134	11,880,403
Mortgage and asset backed bonds	5,381,305	3,860,937
Short-term notes	5,544,318	3,426,007
Total Investments at Fair Value	\$ 42,552,482	\$ 36,386,646

4. 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, 2019, are as follows:

Cash and cash equivalents	\$ 9,300,748
Investments	42,552,482
Accounts receivable and other assets	4,429,803
Government grants receivable	5,000
Contributions receivable, net	8,841,926
Merchandise inventory	453,414
Total financial assets available within one year	65,583,373
Less amounts unavailable for general expenditures within one year due to:	
Restricted by donors with time restrictions	(4,899,144)
Restricted by donors with purpose restrictions	(842,404)
	(5,741,548)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 59,841,825

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

4. Liquidity and Availability of Resources (continued)

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 from donors through its fundraising efforts. Most of these amounts are expected to be collected within one year.

5. 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.

6. Contributions Receivable

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

	2019	2018
Due within:		
Up to one year	\$ 5,534,635	\$ 3,729,930
One to five years	8,119,576	10,944,030
	13,654,211	14,673,960
Present value discount	(63,609)	(95,743)
Allowance for doubtful accounts	(535,900)	(610,595)
Contributions receivable, net	\$ 13,054,702	\$ 13,967,622

The discount rates used for contributions outstanding through December 31, 2019, range from 0.11% to 2.5%.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

7. Buildings, Property and Equipment

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

	2019	2018
Museum building	\$ 399,006,249	\$ 396,745,220
Memorial Plaza	315,375,110	315,608,078
Furniture and equipment	38,382,016	38,302,618
Computer hardware and software	33,361,929	32,089,073
Leasehold improvements	36,662,252	31,379,708
	822,787,556	814,124,697
Accumulated depreciation and amortization	(260,474,662)	(227,134,003)
	\$ 562,312,894	\$ 586,990,694

Included in buildings, property and equipment are \$146,072 and \$676,130 of capitalized in-kind contributions, net of accumulated depreciation and amortization, at December 31, 2019 and 2018.

8. In-kind Contributions

In-kind contributions, excluding rent and those related to construction, for the years ended December 31 are as follows:

	2019	2018
Professional services	\$ 174,704	\$ 349,481
Advertising space	115,750	210,799
Special event supplies	20,581	259,057
Event space	-	42,000
Other	63,509	96,949
	\$ 374,544	\$ 958,286

The costs associated with the above in-kind contributions are included in the Statements of Activities and Functional Expenses.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

9. 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 2019 and 2018. The Organization also made contributions under a voluntary matching program up to a maximum of 6% in 2019 and 2018. Plan expense was \$1,496,145 and \$1,287,829 for 2019 and 2018.

10. Operating Leases

The Organization rents space for its administrative offices, retail store, equipment and various storage facilities under lease agreements expiring no later than December 31, 2023. Rent expense for these leases, which includes in-kind rent, amounted to \$3,159,400 and \$3,206,272 for the years ended December 31, 2019 and 2018.

In 2016, the Museum closed its offsite retail location and sublet the space. The sublease expired April 29, 2019, and the lease expired April 30, 2019.

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. Included in deferred rent is the unamortized balance at December 31, 2019 and 2018 of \$816,667 and \$1,016,667.

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

2020	\$ 2,208,918
2021	2,090,438
2022	2,051,995
2023	<u>1,770,553</u>
	<u>\$ 8,121,904</u>

11. Port Authority of New York and New Jersey Memorandum of Understanding

On October 18, 2012, the Organization and the Port Authority of New York and New Jersey (the "PA") entered into a Memorandum of Understanding (the "MOU") to clarify their respective funding responsibilities in connection with the completion of the construction of the Memorial and Museum. Under the terms of the MOU, the PA will pay existing and future remaining construction retainage and construction costs. Upon completion and close-out of the construction project and final settlement of the agreed-upon contractual funding responsibilities, the Organization will capitalize additional building, property and equipment costs and recognize revenue for construction retainage amounts for which it is no longer liable.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

12. Net Assets with Donor Restrictions

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

	2019	2018
Donor imposed time restrictions	\$ 10,176,920	\$ 13,847,421
Museum building	842,404	194,391
	\$ 11,019,324	\$ 14,041,812

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:

	2019	2018
Donor imposed time restrictions	\$ 6,106,847	\$ 5,718,028
Museum building	101,987	251,641
Software	-	250,073
Museum commemorative and education programs	-	16,924
	\$ 6,208,834	\$ 6,236,666

13. 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.

**National September 11 Memorial and Museum
at the World Trade Center Foundation, Inc.**

Notes to Financial Statements
December 31, 2019 and 2018

13. Museum Collections Activities (continued)

In 2019 and 2018, the Organization spent \$74,390 and \$97,677 on acquisitions of collection items. These acquisitions were funded in part by contributions with donor restrictions.

14. 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 Directors, which provides a maximum borrowing limit of \$15 million. At December 31, 2019 and 2018, the Organization had an outstanding loan balance of \$6,000,000 and \$7,500,000. Repayment of this balance is quarterly over the next five years beginning March 31, 2019, with a quarterly principal payment of \$375,000, or \$1,500,000 per year. The loan carries a fixed interest rate of 0.22% and matures on March 31, 2024. For the years ended December 31, 2019 and 2018 interest expense was \$15,421 and \$16,729. Included in accounts payable and accrued expenses at December 31, 2018, was accrued interest expense of \$81,794. During 2019, the Organization paid loan interest totaling \$97,215.

During 2013, the Organization entered into a lease agreement for its administrative office space with a former member of the Board of Directors. 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 years ended December 31, 2019 and 2018, amortization included in rent expense was \$1,053,204 per year.

15. 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.

* * * * *

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

Financial Statement

December 31, 2019

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the National September 11 Memorial and Museum at the World Trade Center (the "Organization") as of December 31, 2019, and the related notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 this financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

**Board of Directors
National September 11 Memorial and Museum
at the World Trade Center**
Page 2

Opinion

In our opinion, the statement of financial position referred to above presents 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, 2019, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statement, the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (the "Foundation"), merged with the Organization. The Organization remains as the continuing entity. As a result of the merger, the Foundation transferred its total net assets to the Organization on December 31, 2019. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

March 16, 2020

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

Statement of Financial Position
December 31, 2019

ASSETS

Cash and cash equivalents	\$ 9,300,748
Investments	42,552,482
Accounts and other receivables	4,429,803
Government grants receivable	5,000
Contributions receivable, net	13,054,702
Prepaid expenses and other assets	3,447,191
Merchandise inventory	453,414
Buildings, property and equipment, net	562,312,894
Construction in progress	<u>1,430,501</u>

\$ 636,986,735

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 17,800,117
Due to Port Authority of New York and New Jersey	431,255
Deferred Museum revenue	2,657,186
Deferred rent	1,251,797
Loan payable	<u>6,000,000</u>
Total Liabilities	<u>28,140,355</u>

Net Assets

Without donor restrictions	597,827,056
With donor restrictions	<u>11,019,324</u>
Total Net Assets	<u>608,846,380</u>

\$ 636,986,735

See notes to financial statement

National September 11 Memorial and Museum at the World Trade Center

Notes to Financial Statement
December 31, 2019

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 and 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 statement has 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 Statement
December 31, 2019

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. Accordingly, actual results could differ from those estimates.

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, 2019, the Organization's cash and cash equivalents are maintained at financial institutions in excess of federally insured amounts. Cash held with banks in excess of Federal Deposit Insurance Coverage limits totaled \$9,275,648

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 Statements of Financial Position are reported at fair value based on quoted market prices.

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 (previously, the Foundation'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.

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

Notes to Financial Statement
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

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. Management determined that there were no asset impairments at December 31, 2019.

Deferred Museum 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.

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.

Net Assets without Donor 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.

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

Notes to Financial Statement
December 31, 2019

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

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, preservation, protection, or care of collections as approved by the Board and are recorded as net assets with 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 2016.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statement through the date that the financial statement was available to be issued, which date is March 16, 2020.

3. 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.

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

Notes to Financial Statement
December 31, 2019

3. Fair Value Measurement (continued)

The following table summarizes the Organization's investments measured at fair value and are categorized using the fair value hierarchy (all Level 2 measurements) as of December 31, 2019:

U.S. Treasury notes	\$ 1,793,593
Corporate bonds	16,683,719
Government and agency bonds	7,180,413
International bonds	5,969,134
Mortgage and asset backed bonds	5,381,305
Short-term notes	<u>5,544,318</u>
Total Investments at Fair Value	<u>\$ 42,552,482</u>

4. 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, 2019, are as follows:

Cash and cash equivalents	\$ 9,300,748
Investments	42,552,482
Accounts receivable and other assets	4,429,803
Government grants receivable	5,000
Contributions receivable, net	8,841,926
Merchandise inventory	<u>453,414</u>
Total Financial Assets Available Within One Year	<u>65,583,373</u>
Less amounts unavailable for general expenditures within one year due to:	
Restricted by donors with time restrictions	(4,899,144)
Restricted by donors with purpose restrictions	<u>(842,404)</u>
	<u>(5,741,548)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 59,841,825</u>

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

Notes to Financial Statement
December 31, 2019

4. Liquidity and Availability of Resources (continued)

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 from donors through its fundraising efforts. Most of these amounts are expected to be collected within one year.

5. 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.

6. Contributions Receivable

Contributions receivable, net, consist of the following at December 31, 2019:

Due within:	
Up to one year	\$ 5,534,635
One to five years	8,119,576
	<u>13,654,211</u>
Present value discount	(63,609)
Allowance for doubtful accounts	<u>(535,900)</u>
Contributions Receivable, net	<u>\$ 13,054,702</u>

The discount rates used for contributions outstanding through December 31, 2019, range from 0.11% to 2.5%.

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

Notes to Financial Statement
December 31, 2019

7. Buildings, Property and Equipment

Buildings, property and equipment, net, at December 31, 2019 consist of the following:

Museum building	\$ 399,006,249
Memorial Plaza	315,375,110
Furniture and equipment	38,382,016
Computer hardware and software	33,361,929
Leasehold improvements	<u>36,662,252</u>
	822,787,556
Accumulated depreciation and amortization	<u>(260,474,662)</u>
	<u><u>\$ 562,312,894</u></u>

Included in buildings, property and equipment is \$146,072 of capitalized in-kind contributions, net of accumulated depreciation and amortization, at December 31, 2019.

8. Retirement Plan

The Organization has a 403(b) defined contribution retirement plan for all eligible employees. Under the provisions of this plan, the Organization must contribute 4% of participants' earnings annually. The Organization can also make contributions under a voluntary matching program up to a maximum of 6%.

9. Operating Leases

The Organization rents space for its administrative offices, retail store, equipment and various storage facilities under lease agreements expiring no later than December 31, 2023.

During February 2014, the Foundation 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. Included in deferred rent is the unamortized balance at December 31, 2019 of \$816,667.

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

2020	\$ 2,208,918
2021	2,090,438
2022	2,051,995
2023	<u>1,770,553</u>
	<u><u>\$ 8,121,904</u></u>

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

Notes to Financial Statement
December 31, 2019

10. Port Authority of New York and New Jersey Memorandum of Understanding

On October 18, 2012, the Foundation and the Port Authority of New York and New Jersey (the "PA") entered into a Memorandum of Understanding (the "MOU") to clarify their respective funding responsibilities in connection with the completion of the construction of the Memorial and Museum. Under the terms of the MOU, the PA will pay existing and future remaining construction retainage and construction costs. Upon completion and close-out of the construction project and final settlement of the agreed-upon contractual funding responsibilities, the Organization (previously, the Foundation) will capitalize additional building, property and equipment costs and recognize revenue for construction retainage amounts for which it is no longer liable.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at December 31, 2019:

Donor imposed time restrictions	\$ 10,176,920
Museum building	<u>842,404</u>
	<u>\$ 11,019,324</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.

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

Notes to Financial Statement
December 31, 2019

13. Related Party Transactions

On May 13, 2013, the Foundation entered into a loan agreement with a corporation owned by a member of the Board of Directors, which provides a maximum borrowing limit of \$15 million. At December 31, 2019, the Organization (previously, the Foundation) had an outstanding loan balance of \$6,000,000. Repayment of this balance will occur quarterly over the next five years beginning March 31, 2019, with a quarterly principal payment of \$375,000, or \$1,500,000 per year. The loan carries a fixed interest rate of 0.22% and matures on March 31, 2024.

During 2013, the Foundation entered into a lease agreement for its administrative office space with a former member of the Board of Directors. 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.

14. Contingencies

The Foundation 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 Foundation for all claims and liabilities that may arise. In accordance with the merger, the Organization may now be party to these claims.

15. Subsequent Event

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. The closure has no impact on the 2019 financial statements, but will impact the Organization's financial position and operating results in 2020. At the time these financial statements were issued, the Organization did not know when the Memorial and Museum would reopen. The financial impact of the closure is not known and cannot be reasonably estimated at this time.

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