

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

Financial Statements

December 31, 2022 and 2021

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the National September 11 Memorial and Museum at the World Trade Center, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the National September 11 Memorial and Museum at the World Trade Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of ASU No. 2016-02, Leases

As discussed in Note 2 to the financial statements, the National September 11 Memorial and Museum at the World Trade Center changed its method of accounting for leases as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2016-02, Leases, effective January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the National September 11 Memorial and Museum at the World Trade Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National September 11 Memorial and Museum at the World Trade Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National September 11 Memorial and Museum at the World Trade Center's ability to continue as a going concern for a reasonable period of time.

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

PKF O'Connor Davies, LLP

March 16, 2023

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

Statements of Financial Position

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 19,086,553	\$ 38,356,766
Investments	54,143,034	38,479,433
Accounts and other receivables, net	2,573,618	1,380,025
Government grants receivable	3,941,821	1,795,833
Contributions receivable, net	4,244,848	10,554,707
Prepaid expenses and other assets	3,244,440	3,011,703
Merchandise inventory	411,474	475,786
Right of use assets - operating leases, net	16,733,632	-
Buildings, property and equipment, net	481,677,064	507,237,620
Construction in progress	1,396,984	655,090
	<u>\$ 587,453,468</u>	<u>\$ 601,946,963</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 7,386,050	\$ 8,676,097
Due to Port Authority of New York and New Jersey	2,041,667	2,450,000
Deferred revenue	2,222,857	2,366,021
Deferred rent	-	547,978
Paycheck Protection Program loan payable	-	2,000,000
Loan payable	15,000,000	15,000,000
Leases payable	19,146,252	-
Total Liabilities	<u>45,796,826</u>	<u>31,040,096</u>
Net Assets		
Without donor restrictions	536,380,982	560,659,795
With donor restrictions	5,275,660	10,247,072
Total Net Assets	<u>541,656,642</u>	<u>570,906,867</u>
	<u>\$ 587,453,468</u>	<u>\$ 601,946,963</u>

See notes to financial statements

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

Statements of Activities

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT						
Museum revenue	\$ 43,414,357	\$ -	\$ 43,414,357	\$ 18,093,980	\$ -	\$ 18,093,980
Merchandise sales, net of cost of goods sold of \$2,406,703 and \$1,478,676	5,121,282	-	5,121,282	3,172,277	-	3,172,277
Government grants	2,653,163	-	2,653,163	10,942,036	88,598	11,030,634
Contributions	2,304,184	386,000	2,690,184	39,706,318	3,098,680	42,804,998
Special events, net of costs of \$1,181,583 and \$686,417	2,176,322	-	2,176,322	4,936,941	300,000	5,236,941
In-kind contributions	202,067	-	202,067	180,408	-	180,408
Net assets released from restrictions	5,357,412	(5,357,412)	-	7,432,043	(7,432,043)	-
Total Operating Revenue and Other Support	<u>61,228,787</u>	<u>(4,971,412)</u>	<u>56,257,375</u>	<u>84,464,003</u>	<u>(3,944,765)</u>	<u>80,519,238</u>
OTHER INCOME						
Investment return	508,195	-	508,195	(6,567)	-	(6,567)
Other income	209,678	-	209,678	92,546	-	92,546
Total Other Income	<u>717,873</u>	<u>-</u>	<u>717,873</u>	<u>85,979</u>	<u>-</u>	<u>85,979</u>
Total Operating Revenue and Other Support and Other Income	<u>61,946,660</u>	<u>(4,971,412)</u>	<u>56,975,248</u>	<u>84,549,982</u>	<u>(3,944,765)</u>	<u>80,605,217</u>
OPERATING EXPENSES						
Memorial and museum program activities	46,037,922	-	46,037,922	38,119,131	-	38,119,131
Management and general	12,153,502	-	12,153,502	9,410,457	-	9,410,457
Fundraising	5,346,225	-	5,346,225	4,228,931	-	4,228,931
Total Operating Expenses	<u>63,537,649</u>	<u>-</u>	<u>63,537,649</u>	<u>51,758,519</u>	<u>-</u>	<u>51,758,519</u>
Change in Net Assets from Operating Activities Before Depreciation and Amortization and Collections Acquisitions by Purchase	(1,590,989)	(4,971,412)	(6,562,401)	32,791,463	(3,944,765)	28,846,698
Depreciation and amortization	(27,384,118)	-	(27,384,118)	(28,269,492)	-	(28,269,492)
Collections acquisitions by purchase	(22,278)	-	(22,278)	(20,205)	-	(20,205)
Change in Net Assets from Operating Activities	<u>(28,997,385)</u>	<u>(4,971,412)</u>	<u>(33,968,797)</u>	<u>4,501,766</u>	<u>(3,944,765)</u>	<u>557,001</u>
NON-OPERATING ACTIVITIES						
Forgiveness of Paycheck Protection Program loan	2,000,000	-	2,000,000	4,633,900	-	4,633,900
CARES Act Stimulus Revenue	2,718,572	-	2,718,572	-	-	-
Port Authority of New York and New Jersey settlement	-	-	-	4,142,783	-	4,142,783
Change in Net Assets	<u>(24,278,813)</u>	<u>(4,971,412)</u>	<u>(29,250,225)</u>	<u>13,278,449</u>	<u>(3,944,765)</u>	<u>9,333,684</u>
NET ASSETS						
Beginning of year	<u>560,659,795</u>	<u>10,247,072</u>	<u>570,906,867</u>	<u>547,381,346</u>	<u>14,191,837</u>	<u>561,573,183</u>
End of year	<u>\$ 536,380,982</u>	<u>\$ 5,275,660</u>	<u>\$ 541,656,642</u>	<u>\$ 560,659,795</u>	<u>\$ 10,247,072</u>	<u>\$ 570,906,867</u>

See notes to financial statements

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

Statements of Functional Expenses

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
Salaries	\$ 11,676,046	\$ 4,563,230	\$ 1,849,250	\$ 18,088,526	\$ 8,825,444	\$ 3,559,375	\$ 1,335,325	\$ 13,720,144
Payroll taxes and fringe benefits	2,714,447	1,010,479	421,129	4,146,055	1,810,887	555,465	234,422	2,600,774
Occupancy costs	5,153,960	2,133,043	179,116	7,466,119	3,688,835	1,847,322	139,419	5,675,576
Insurance	3,722,769	122,918	49,828	3,895,515	3,636,135	110,120	38,917	3,785,172
Professional and other fees	1,375,377	1,413,312	730,409	3,519,098	1,620,485	1,008,322	541,454	3,170,261
Engineering and janitorial services	8,577,442	1,513,603	-	10,091,045	7,625,993	1,345,763	-	8,971,756
Security	8,003,377	15,758	-	8,019,135	6,895,733	14,790	-	6,910,523
Information technology	672,725	210,428	45,447	928,600	255,873	78,281	21,330	355,484
Marketing and advertising	403,750	100,910	1,411,728	1,916,388	385,748	75,457	1,348,291	1,809,496
Cost of goods sold	2,406,703	-	-	2,406,703	1,478,676	-	-	1,478,676
Cost of special events	-	-	1,181,583	1,181,583	-	-	686,417	686,417
Commemorative programmatic events	492,316	-	-	492,316	901,783	-	-	901,783
Repairs and maintenance	1,831,879	345,441	15,410	2,192,730	1,688,652	343,604	17,088	2,049,344
Office supplies	342,164	71,271	25,895	439,330	169,910	27,502	9,572	206,984
Postage	87,888	20,664	103,131	211,683	55,542	13,913	134,624	204,079
Printing	16,866	8,583	407,810	433,259	10,608	2,507	329,447	342,562
Telephone and internet	190,198	65,799	26,673	282,670	182,883	63,149	22,317	268,349
Dues and subscriptions	43,875	102,416	18,333	164,624	53,320	112,615	31,148	197,083
Travel and meetings	43,334	16,353	5,297	64,984	12,732	12,113	1,324	26,169
Other expenses	689,509	439,294	56,769	1,185,572	298,568	240,159	24,253	562,980
Subtotal	48,444,625	12,153,502	6,527,808	67,125,935	39,597,807	9,410,457	4,915,348	53,923,612
Less: cost of goods sold	(2,406,703)	-	-	(2,406,703)	(1,478,676)	-	-	(1,478,676)
Less: cost of special events	-	-	(1,181,583)	(1,181,583)	-	-	(686,417)	(686,417)
Total Expenses Before Depreciation and Amortization	46,037,922	12,153,502	5,346,225	63,537,649	38,119,131	9,410,457	4,228,931	51,758,519
Depreciation and amortization	24,551,328	2,801,957	30,833	27,384,118	25,358,577	2,864,217	46,698	28,269,492
 Total Functional Expenses	 <u>\$ 70,589,250</u>	 <u>\$ 14,955,459</u>	 <u>\$ 5,377,058</u>	 <u>\$ 90,921,767</u>	 <u>\$ 63,477,708</u>	 <u>\$ 12,274,674</u>	 <u>\$ 4,275,629</u>	 <u>\$ 80,028,011</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended	
	December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,250,225)	\$ 9,333,684
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount to present value of receivables	(19,535)	(7,443)
Bad debt recovery	(275,213)	(236,314)
Depreciation and amortization	27,384,118	28,269,492
Net realized and unrealized loss on investments	393,747	502,331
Deferred rent adjustment	(202,535)	(377,577)
Amortization of right to use assets - operating lease	2,260,373	-
Amortization of imputed interest - leases payable	304,082	-
Amortization of in-kind rent contribution	1,053,204	1,053,204
Gain on transfer of equipment	(27,250)	-
In-kind buildings, property and equipment contributions	(17,500)	(23,011)
Forgiveness of Paycheck Protection Program loan	(2,000,000)	(4,633,900)
Changes in operating assets and liabilities		
Accounts and other receivables	(995,480)	(303,497)
Government grants receivable	(2,145,988)	(1,464,481)
Contributions receivable	5,353,290	2,088,863
Prepaid expenses and other assets	(232,737)	70,661
Merchandise inventory	64,312	(4,726)
Accounts payable and accrued expenses	(1,290,047)	(5,085,977)
Payments on lease payable	(497,278)	-
Due to Port Authority of New York	(408,333)	2,018,745
Deferred revenue	(143,164)	764,230
Net Cash from Operating Activities	(692,159)	31,964,284
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of buildings, property and equipment	(1,778,811)	(475,561)
Change in construction in progress	(741,894)	(448,002)
Purchases of investments	(58,009,960)	(37,153,874)
Proceeds from sale of investments	41,952,611	36,722,551
Net Cash from Investing Activities	(18,578,054)	(1,354,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	-	2,000,000
Net Change in Cash and Cash Equivalents	(19,270,213)	32,609,398
CASH AND CASH EQUIVALENTS		
Beginning of year	38,356,766	5,747,368
End of year	\$ 19,086,553	\$ 38,356,766
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 19,183	\$ 46,039
NON-CASH FINANCING ACTIVITIES		
Forgiveness of paycheck protection program loan	2,000,000	4,633,900

See notes to financial statements

National September 11 Memorial and Museum at the World Trade Center

Notes to Financial Statements
December 31, 2022 and 2021

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 18 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, 2022 and 2021

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.

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, 2022 and 2021, the Organization's cash and cash equivalents are maintained at financial institutions in excess of federally insured amounts. At December 31, 2022 and 2021, cash held with banks in excess of Federal Deposit Insurance Coverage limits totaled \$18,561,903 and \$37,837,166.

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.

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 Statements 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.

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

Notes to Financial Statements
December 31, 2022 and 2021

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. There were no asset impairments for the years ended December 31, 2022 and 2021.

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. Contract assets were \$878,414 and contract liabilities were \$1,601,791 at January 1, 2021.

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 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 collections acquisitions by purchase, and other non-operating activities.

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

Notes to Financial Statements
December 31, 2022 and 2021

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

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.

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 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 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**

Notes to Financial Statements
December 31, 2022 and 2021

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

CARES Act Stimulus Revenue

During fiscal year 2022, the Organization recorded revenue related to the Employee Retention Tax Credit (“ERTC”) in the amount of \$2,718,572 relating to payroll expenses incurred during 2021. The ERTC, established as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, allows eligible employers to receive a payroll tax credit based on certain qualifications. The calculation of the credit varies based on the applicable calendar year and the amount of qualified wages paid during the qualifying period. The Organization believes it has met the qualifications of the ERTC program and has completed the necessary forms to claim the ERTC. The full amount of the credit is reflected in government grants receivable on the 2022 Statement of Financial Position.

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. 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.

Collections

In accordance with industry practice, the value of the Organization’s collection is not reflected as an asset on the Statements 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.

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

Notes to Financial Statements
December 31, 2022 and 2021

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1,086,338 and \$20,951 in 2022 and 2021.

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 2019.

Adoption of New Accounting Policies

Contributed Nonfinancial Assets

As of January 1, 2022 the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however it does provide matters related to presentation and disclosure.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases (Topic 842) which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Organization adopted the requirements of the new standard effective January 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Organization adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, the Organization will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. Adoption of this standard resulted in the recognition of an initial operating lease right-of-use asset of \$18,994,005 and corresponding liability of \$19,136,912. The standard did not materially impact operating results or liquidity.

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

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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, 2023.

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. The following represents total financial assets available to meet cash needs for general expenditure within one year at December 31:

	2022	2021
Cash and cash equivalents	\$ 19,086,553	\$ 38,356,766
Investments	54,143,034	38,479,433
Accounts and other receivables, net	2,573,618	1,380,025
Government grants receivable	3,941,821	1,795,833
Contributions receivable, net	3,191,684	8,448,339
Total Financial Assets Available Within One Year	82,936,710	88,460,396
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(3,334,331)	(3,681,273)
Restricted by donors with time restrictions	(133,168)	(1,144,433)
	(3,467,499)	(4,825,706)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 79,469,211	\$ 83,634,690

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.

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

Notes to Financial Statements
December 31, 2022 and 2021

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.

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 (Cash is measured at cost plus accrued interest and all others are Level 2 measurements) as of December 31:

	2022	2021
Cash	\$ 4,529,599	\$ 4,882,456
Corporate bonds	20,507,399	16,896,497
Government and agency bonds	7,043,550	3,776,294
International bonds	13,008,219	5,701,638
Mortgage and asset backed bonds	214,238	1,790,433
Other	8,840,029	5,432,115
Total Investments at Fair Value	\$ 54,143,034	\$ 38,479,433

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

Notes to Financial Statements
December 31, 2022 and 2021

6. Accounts and Other Receivables

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

	2022	2021
Due within:		
Up to one year	\$ 2,573,618	\$ 1,578,138
Allowance for doubtful accounts	-	(198,113)
Accounts and Other Receivables, net	\$ 2,573,618	\$ 1,380,025

7. Government Grants Receivable

Government grants receivable amounted to \$3,941,821 and \$1,795,833 for the years ended December 31, 2022 and 2021. The receivables are due within one year and management has determined that they are fully collectible.

8. Contributions Receivable

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

	2022	2021
Due within:		
Up to one year	\$ 2,885,670	\$ 5,019,406
One to five years	2,141,010	6,037,768
	5,026,680	11,057,174
Present value discount	(20,932)	(40,467)
Allowance for doubtful accounts	(760,900)	(462,000)
Contributions Receivable, net	\$ 4,244,848	\$ 10,554,707

The discount rates used for contributions outstanding at December 31, 2022 and 2021, range from 0.11% to 2.5%.

9. Buildings, Property and Equipment

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

	2022	2021
Museum building	\$ 399,667,161	\$ 399,101,776
Memorial plaza	316,123,214	315,907,729
Furniture and equipment	38,625,579	38,575,964
Computer hardware and software	34,287,459	33,704,762
Leasehold improvements	38,119,049	37,908,840
	826,822,462	825,199,071
Accumulated depreciation and amortization	(345,145,398)	(317,961,451)
	\$ 481,677,064	\$ 507,237,620

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

Notes to Financial Statements
December 31, 2022 and 2021

9. Buildings, Property and Equipment (continued)

Included in buildings, property and equipment are capitalized in-kind contributions, net of accumulated depreciation and amortization totaling \$102,993 and \$101,959, at December 31, 2022 and 2021. The Organization transferred \$200,169 of property and equipment during 2022, which resulted in a gain on transfer of equipment of \$27,250 included in other income. The Organization did not record any disposals during 2021.

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 and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA").

The PPP loan was forgiven in full by the SBA on August 6, 2021 and is reported as forgiveness of PPP loan on the 2021 Statement of Activities.

On April 5, 2021, the Organization received a second PPP loan totaling \$2,000,000. The terms of this loan are similar to the first PPP loan. The entire amount received under the second PPP is reported as debt on the Statement of Financial Position at December 31, 2021. On February 8, 2022, the Organization received notification that the loan was fully forgiven by the SBA and is reported as forgiveness of PPP loan on the 2022 Statement of Activities.

11. Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Donor imposed time restrictions	\$ 1,941,329	\$ 6,565,799
Donor imposed purpose restrictions	<u>3,334,331</u>	<u>3,681,273</u>
	<u>\$ 5,275,660</u>	<u>\$ 10,247,072</u>

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

Notes to Financial Statements
December 31, 2022 and 2021

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:

	2022	2021
Donor imposed time restrictions	\$ 4,704,038	\$ 6,668,204
Donor imposed purpose restrictions	653,374	763,839
	\$ 5,357,412	\$ 7,432,043

12. Commitments

The Organization amortizes the operating leases right-of-use assets over the remaining life of the lease agreements. Right-of-use assets consist of the following at December 31, 2022:

Right of use assets - operating leases	\$ 18,994,005
Less: accumulated amortization	(2,260,373)
	\$ 16,733,632

All facilities are operated under operating leases requiring future minimum payments as follows for the years ended December 31:

2023	\$ 448,214
2024	2,872,064
2025	2,739,639
2026	2,598,039
2027	2,818,906
Thereafter	8,846,880
Total undiscounted operating lease payment:	20,323,742
Less: imputed interest	(1,380,025)
Present value of operating lease liabilities	\$ 18,943,717

Occupancy costs for the Organization under these leases totaled \$2,564,455 and \$1,338,371 for the years ended December 31, 2022 and 2021.

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 original lease through December 31, 2023. At December 31, 2022, a remaining unamortized balance of \$202,535 is included in leases payable and at December 31, 2021, a remaining unamortized balance of \$405,070 is included in deferred rent.

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

Notes to Financial Statements
December 31, 2022 and 2021

12. Commitments (continued)

Information associated with the measurement of the Company's operating lease obligations as of December 31, 2022 is as follows:

Weighted-average remaining lease term in years for operating leases	5.25
Weighted-average discount rate used for operating leases	1.6%

These leases have remaining lease terms of 16 months to 8 years as of December 31, 2022.

13. Shuttered Venue Operators Grant

The Shuttered Venue Operators Grant ("SVOG") program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program includes over \$16 billion in grants to shuttered venues, to be administered by the SBA's Office of Disaster Assistance. SVOG provides emergency assistance for eligible performing arts businesses affected by COVID-19.

On October 24, 2021, the Organization received a notice of award from the SBA for \$8,000,000 as part of the SVOG program. During 2021, the Organization incurred qualifying expenses in order to recognize the revenue for the full amount of \$8,000,000, which is included in government grants on the 2021 Statement of Activities.

14. Collections Acquisitions by Purchase

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 2022 and 2021, the Organization spent \$22,278 and \$20,205 on acquisitions of collection items. These acquisitions were funded in part by contributions with donor restrictions.

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

Notes to Financial Statements
December 31, 2022 and 2021

15. In-kind Contributions

In-kind contributions, excluding rent (see Note 18), for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Professional services	\$ 159,623	\$ 134,823	Management and General	None	Estimated based on current rates of legal services provided by law firm.
Special event supplies	24,944	13,824	Fundraising	None	Estimated based on market values of similar goods and services.
Other	<u>17,500</u>	<u>31,761</u>	Program Activities	None	Estimated based on market values of similar goods, services, and equipment.
	<u>\$ 202,067</u>	<u>\$ 180,408</u>			

The costs associated with the above in-kind contributions are included in the Statements of Activities and Functional Expenses except for \$17,500 in 2022 and \$23,011 in 2021, which were capitalized as construction in progress in the Statements of Financial Position.

16. Port Authority of New York and New Jersey Settlement

A Settlement Agreement was executed on 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 owe the PA \$4.2 million of a total accrued amount of \$6.6 million for past utility claims for the periods up to and including September 2017. The \$4.2 million was reduced by \$1.75 million due to the Organization from the PA for various construction claims. The amount due is payable in six equal quarterly installments of \$408,333 beginning October 1, 2022. The Settlement Agreement also required the liquidation of an escrow account totaling \$651,526 on December 31, 2020, with 71% being disbursed to the PA and 29% being disbursed to the Organization. As a result of the Settlement Agreement, the Organization recognized \$4.15 million of revenue in 2021, which reflects the total of the reduced utilities claims and reimbursement of construction claims referred to above, and is reported as Port Authority of New York and New Jersey settlement in the non-operating activities section of the 2021 Statement of Activities. At December 31, 2022 and 2021, \$2.04 million and \$2.45 million are reported as Due to Port Authority of New York and New Jersey.

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

Notes to Financial Statements
December 31, 2022 and 2021

17. Retirement Plan

The Organization has a 403(b) defined contribution retirement plan for all eligible employees. In an effort to contain costs, the Organization suspended contributions to the 403(b) plan effective July 1, 2020. There were no plan expenses incurred during 2021 and the Organization resumed contributions in January 2022. Under the provisions of this plan, the Organization contributed 4% of participants' earnings during the year. The Organization also made contributions under a voluntary matching program up to a maximum of 6% during 2022. Plan expense was \$1,164,771 for 2022.

18. 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, 2022 and 2021, the Organization had an outstanding loan balance of \$15,000,000. Repayment of this balance will occur over the next four 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 each of the years ended December 31, 2022 and 2021 interest expense was \$33,459. Included in accounts payable and accrued expenses at December 31, 2022 and 2021, was accrued interest of \$89,558 and \$56,099.

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 years ended December 31, 2022 and 2021, amortization included in rent expense was \$1,053,204.

19. 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 claims related to the Foundation.

20. Risk and Uncertainties

The value of the Organization's investments has and will continue to fluctuate in response to global economic conditions. The amount of potential losses that may be recognized in subsequent periods cannot be reasonably estimated.

* * * * *